Docket #0124 Date Filed: 03/04/2026

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

IN RE:	.	Case No. 26-60110-5-wak
	.	
VANDERBILT	.	James M. Hanley U.S.
MINERALS, LLC,	.	Courthouse and Federal Bldg.
	.	100 S. Clinton Street
	.	Syracuse, NY 13261
Debtor.	.	
	.	Tuesday, February 25, 2026
. . . . .	.	2:00 p.m.

TRANSCRIPT OF:

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)

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 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 (MOTION OF THE DEBTOR AND DEBTOR IN POSSESSION PURSUANT TO SECTIONS 105, 362, 363, 503, 507 AND 552 OF THE BANKRUPTCY CODE, BANKRUPTCY RULES 2002, 4001, 6004 AND 9014 AND LOCAL RULES 2002-1, 4001-2 AND 9013-1 FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTOR TO OBTAIN POSTPETITION FINANCING, (II) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (III) MODIFYING THE AUTOMATIC STAY, (IV) SCHEDULING A FINAL HEARING AND (V) GRANTING RELATED RELIEF). FEE AMOUNT $199. FILED BY VANDERBILT MINERALS, LLC (DOC. NO. 17)

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BEFORE THE HONORABLE WENDY A. KINSELLA
UNITED STATES BANKRUPTCY COURT JUDGE

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By: JUSTINE DELANEY, ESQ.

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(Call to Order)

THE CLERK: All rise. You may be seated. Continuing with the 2 p.m. calendar, case number 26-60110, Vanderbilt Minerals, LLC. We have several matters on.

Motion to obtain credit, a motion for relief from stay and related relief, motion for authorization to pay pre-petition claims of certain critical vendors, lien claimants and 503(b)(9) claimants, motion for interim and final orders authorizing the debtor to continue with insurance and surety bond programs and satisfied related obligations.

Obtain, renew, amend, supplement, modify, extend, purchase and/or replace insurance policies and/or surety bonds, and continue to pay brokerage and administrative fees and satisfy related obligations.

Motion for entry of interim and final orders approving the continued use of the debtor's cash management system. Motion for entry of interim and final orders authorizing it to pay certain pre-petition taxes and fees.

Motion for case management order and motion for interim and final orders authorizing the debtor to pay pre-petition employee wages, benefits and related items and granting certain related relief. Please note your appearance for the record.

THE COURT: We'll start in the courtroom.

MR. REYNOLDS: Good afternoon, Your Honor, for the record, Dan Reynolds, Jones Day, on behalf of proposed counsel for the debtor. With me in the courtroom are my colleagues, Matthew Corcoran and Nick Buchta.

THE COURT: Good afternoon, counselors. We will take the rest of the appearances in the courtroom, and then we will turn to the video.

MR. SULLIVAN: Your Honor, Charles Sullivan, Andrew Rivera, co-counsel, co-proposed counsel to the debtor, Vanderbilt Minerals LLC.

THE COURT: Good afternoon.

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

THE COURT: Good afternoon.

MR. AGAY: Good afternoon, Your Honor. David Agay from McDonald Hopkins on behalf of the DIP lender.

THE COURT: Good afternoon.

MR. HOWARD: Good afternoon, Your Honor. George Howard from Vinson & Elkins on behalf of R.T. Vanderbilt Holding Company and the other non-debtor affiliates.

THE COURT: Good afternoon, counselor. Any other appearances in the courtroom? Hearing none, we will turn to the video. Why don't we, the Court has a list of counsel, and then we will open it up, but to try to avoid having a messy record, why don't we start, is there any representative for

Twin City Fire Insurance Company on the video?

MR. WEINBERG: Yes, good afternoon, Your Honor. This is Joshua Weinberg on behalf of Twin City as well as First State and Hartford Accident and Indemnity Company.

THE COURT: Good afternoon. Anyone on behalf of United Steel Paper and Forestry and related International Workers International Union?

MS. WOODS: Yes, Your Honor. This is Melissa Woods from Cohen Weiss and Simon, and I'm here on behalf of the United Steel Workers.

THE COURT: Good afternoon, counsel. How about Talc Claimants counsel?

MR. BELLUCK: Hi, this is Joseph Belluck from Belluck Law, and I'm appearing on behalf of my clients.

THE COURT: Good afternoon. Anyone else appearing on behalf of Talc Claimants?

MR. DREKSLER: Yes, Your Honor. This is Adam Dreksler from Weiss & Luxenberg, and I'm also appearing on behalf of Talc Claimants.

THE COURT: Anyone else?

MR. SMITH: Yes, Your Honor. This is Brad Smith of Dino Marbranum Shirley (phonetic) here representing Dobbs (phonetic) Talc Claimants.

THE COURT: Good afternoon, counselor. With that we will --

MR. DIX: Good afternoon, Your Honor.

THE COURT: Go ahead.

MR. DIX: Sorry, Paul Dix, D I X, with Simmons Hanly Conroy on behalf of Talc Claimants.

THE COURT: Other counsel?

MS. BARBARUOLO: Good afternoon, Your Honor. Paula Barbaruolo on behalf of the United States Trustee.

THE COURT: Good afternoon.

MR. LEVINE: Good afternoon, Judge. Paul Levine, Lemery Greisler, local counsel to R.T. Vanderbilt Holdings.

THE COURT: Good afternoon.

MR. LAZEROWITZ: Good afternoon, Your Honor. Evan Lazerowitz, Robinson & Cole on behalf of the Kazan McLain law firm, and I have just been admitted to the bar of this Court.

THE COURT: Good afternoon. Other parties on video wishing to appear?

MS. DELANEY: Good afternoon, Your Honor. This is Justine Delaney on behalf of Meirowitz & Wasserberg for Talc Claimants.

THE COURT: Good afternoon. Anyone else by video? Hearing none, Mr. Reynolds, let's hear from the debtor.

MR. REYNOLDS: Thank you, Your Honor. For the record, Dan Reynolds, Jones Day, proposed counsel to the debtor. If it pleases the Court, I would like to start by giving a brief update on the debtor's progress over the last

week, and then I will lay out the debtor's proposed agenda for today.

THE COURT: Certainly.

MR. REYNOLDS: Since we were before Your Honor just last week, the debtor has softly landed into Chapter 11. Payroll was made Friday, and thanks to the critical vendor motion, we've been able to continue our operations in the ordinary course for now. The sale process has been ramping up, and we have a number of interested parties actively in the process beyond our stocking horse bidder.

That's the good news. The more challenging news is that we've run out of interim authority under the DIP and our other first day motions today, and without additional interim relief, these cases and our ability to provide a value maximizing transaction for all stakeholders are threatened. And unfortunately, today's hearing is not fully consensual, as there are outstanding objections from the group identified as the Certain Law Firms and the United States Trustee's Office to the further interim relief under the critical vendor motion and the DIP motion.

It appears that our or as for further interim relief under the other first day motions is unopposed. So if it pleases the Court, here is how we would like to proceed today. First, we're going to call Dean Vomero from Advanced Business Solutions.

We heard the concern from the Court last week and from the Office of the United States Trustee this week regarding the sufficiency of the record, regarding the need for both the relief under the critical vendor motion and the interim DIP order. So Mr. Vomero is going to supplement that record. In addition, there's a reference in one of the objections we've received regarding comments made by counsel to the DIP lenders, Mr. Agay, during the first day hearing regarding the sale and the settlement process.

The debtor disagrees with the statement that was made and the conclusions that the objections have drawn from that statement. Now neither the settlement motion nor this bidding procedures motion are in front of the Court today. But if the Court would like us to, we also have Mr. Eric Mendelsohn from Greenhill in the courtroom today who can correct the record on the issue. The question for the Court is whether you would find such testimony helpful today, and if so, we're happy to elicit it today.

THE COURT: Well, let's hear from the other parties. I guess the question is, well, let's back up. There was a supplement filed by Mr. Sullivan very early this morning, and I'm assuming then, at least with respect to the critical vendor concessions, that wasn't sufficient to address the concerns of the United States Trustee.

MR. REYNOLDS: So there was a response filed this

morning by the debtor that included concessions regarding the final relief under the critical vendor motion. However, as we understood the United States Trustee's objection, it was to the further interim relief that we are seeking, which at this point is an additional $175,000 of budget to pay 503(b)(9) claims, and so we are under the understanding that that is still opposed by the United States Trustee's office.

THE COURT: Thank you. Ms. Champion, is that correct?

MS. CHAMPION: Yes, Your Honor. I have more comments to that motion and among other things, but generally speaking, that is correct.

THE COURT: Okay. And I assume you have no objection to preparing, proceeding with testimony. The Court would request that the testimony is limited to the current motions before it and anything with respect to the bidding procedures or anything that's on the March 4th calendar, that that be preserved that we have --

MR. REYNOLDS: So what it sounds like is we would like to hear from Mr. Vomero on the critical vendor motion --

THE COURT: Correct.

MR. REYNOLDS: -- and the DIP motion, but we do not at this time need to hear from Mr. Mendelsohn from Greenhill regarding the bidding procedures motion.

THE COURT: That's correct.

MS. CHAMPION: Your Honor, I have no objection to that, just as long as this is going towards the further interim relief, and I just want to make sure that, you know, rights of the committee are reserved as far as, you know, if they want to, you know, question Mr. Vomero at a later time, that those rights aren't prejudiced.

THE COURT: Thank you.

MR. REYNOLDS: Your Honor, as we said in the supplement this morning, the interim relief that we are seeking today does not prejudice the committee's ability in any way to object when we seek final relief on these motions. So to the extent that Mr. Vomero has submitted declarations in support of that relief, their ability to cross Mr. Vomero is still preserved, and their abilities to object to final relief are still preserved in all ways once they are formed.

THE COURT: Thank you. Before we get started with testimony, is there anyone on the video who wishes to be heard briefly before we start? Okay. Call your first witness.

MR. REYNOLDS: With that, I'm going to cede the podium to my colleague, Mr. Corcoran, who is going to be handling both the direct and any cross to Mr. Vomero's testimony.

THE COURT: Thank you. Ms. Sugrue will swear in the witness.

MR. CORCORAN: Good afternoon, Your Honor, for the

record, Matt Corcoran with Jones Day on behalf of the proposed counsel for the debtor. The debtor calls Mr. Vomero to the stand.

THE COURT: Thank you.

COURT CLERK: Raise your right hand, state your full name and tell your last.

Dean Vomero, V O M E R O.

DEBTOR'S WITNESS, DEAN VOMERO, SWORN

MR. CORCORAN: May I proceed, Your Honor?

THE COURT: Yes.

MR. CORCORAN: Thank you.

DIRECT EXAMINATION BY MR. CORCORAN:

Q Can you introduce yourself to the Court?

A Dean Vomero, I'm a managing director with Applied Business Strategy, although I would like Applied Business Solutions. I don't have to change --

Q Can you tell the Court generally about your role with the debtor?

A Sure. I've been chief restructuring officer since May of 2025.

Q And generally, what are your responsibilities as chief restructuring officer?

A So they've evolved. Typical activities when I started is put together a business plan, (indiscernible), cash flow, compile corporate documents, and as things have progressed, my

focus has been on bankruptcy and planning fullness as well.

Q Mr. Vomero, did you provide a first day declaration in support of the first day motions last week?

A Yes, I did.

MR. CORCORAN: Your Honor, I have a copy of that declaration, which was filed at docket number three. I would like to hand up a copy to Mr. Vomero. May I approach?

THE COURT: You may. Thank you.

Q Mr. Vomero, is this a copy of your declaration that you filed in support of the first day motions?

A Yes, it is.

Q Was it true and correct to the best of your knowledge and belief at the time you gave this declaration?

A It was.

MR. CORCORAN: Your Honor, I move to admit into evidence for the purposes of this hearing, Mr. Vomero's first day declaration at docket number three subject to any cross after I conclude my examination.

THE COURT: Any objection, Ms. Champion?

MS. CHAMPION: None, Your Honor.

THE COURT: Any objection from the video? Hearing none, so moved.

(Exhibit Docket Three, admitted into evidence)

MR. CORCORAN: Thank you, Your Honor.

Q Mr. Vomero, is there a difference between trade payables

and accruals?

A Yes, there is.

Q Can you explain to the Court the difference between trade payables and accruals?

A Sure. So trade payables would be the delivery of goods or performance of services, and there's an invoice from your trading partner to match, and that would be a trade payable and accrual. The service has been provided or the good has been delivered, but yet you haven't received an invoice. So you're stuck somewhere in time.

Q Can you turn to page 21 of your first day declaration? Are you there?

A I am.

Q Do you see in paragraph 59 it reads, quote. "As of the petition date, the debtor had approximately $1 million in trade debt outstanding", close quote?

A That's correct.

Q What does the one million in trade debt outstanding represent in this paragraph?

A That would have been payables. That would have been our account payable estimate at the time.

Q Does it include pre-petition accruals?

A It does not.

Q And what would you have estimated pre-petition accruals to be at the time you prepared this declaration?

A About $600,000.
Q And so total between trade debt and accruals pre-petition would be about $1.6 million?
A Yes, that's correct.
Q Can you turn to page 30 of your first day declaration? Are you there?
A I am.
Q And there's a chart in paragraph 83. Do you see that?
A I do.
Q Can you explain to the Court what that chart represents?
A Sure. That was the relief that we requested in our first day motion with respect to the key vendor motion.
Q Can you describe generally the process you used to come up with the figures in that chart?
A Sure. It's a pretty difficult item to estimate. But we had done, or I personally have done three different discrete analysis through points in time to come up with these figures. And as we went to filing, when I went through the declaration, we just put the trade payables numbers. I wasn't very comfortable with the estimate of accruals because it was mid-month. And it was a very difficult figure to estimate. But when I did this analysis, it included payables and accruals.
Q What criteria did you use when deciding who would be a critical vendor?
A Yeah, so it always starts with employee safety is the

first, right? So security, security in our facilities, use of critical contractors. Again, this is a hazardous work environment. I wish everybody could see the work environment there. So in that bucket as well as maintenance of our equipment, you do not want our equipment breaking down and not having the ability to respond quickly.

One might think it's loss production, which it is, which in turn could jeopardize sales. But when you're fixing that equipment, it is an absolute hazard because it's a non routine process. So that was bucket one.

Bucket two is our resale suppliers. So our resale business is a significant portion of our business and the supply chain is fairly extended. So we import a significant amount of product and have 120 day lead time with one vendor. The resale business is sole-sourced. Very difficult to replace because our products are used as formulas for our end users. So we can't swap out suppliers quickly. I mean it would take quite an extended amount of time to do that.

So they're single source suppliers. And any disruption in that group, to the extent we're not successful at negotiating favorable terms, could result in lost sales for this plus customers potentially. The last group, and it's kind of an interesting business in that, so our western mines. We have six western mines Lyles mine to Kentucky.

On the east coast, we have four mines. And then we have

about a half a dozen warehouses. So we have, we export 42 percent of our revenue overseas. So we have a really vast logistical network. So we looked at our freight, our freight suppliers as well to ensure that we would have supply there.

The last bucket, and it's mostly with local, very difficult to find vendors in packaging and ancillary supplies. And we looked at that group as well. And believe it or not, I mean, even pallets can cause supply disruption. You can use that as a -- That was the analysis that was done.

Q I think you might have already said this, but did you consider pre-petition trade payables and pre-petition accruals when arriving at the amounts being requested?

A Yes.

Q Okay. Why did you do that?

A Why did, to capture everything, to give us flexibility to try to preserve, really to preserve value here and insure that there's no harm, A, to employees, B, to our customer base so. And certainly, not looking to spend money. We're looking for flexibility in terms of really just, it's the last option.

Q And so just to remind the Court, that amount was $1.6 million, correct?

A Yeah, my estimate, right.

Q And that's about 525,000 more than the total amount we initially requested in the --

A Can you backtrack? I might have talked too much a little

bit here.
Q Absolutely. The amount that you estimated for the combined amount of trade payables and pre-petition accruals, pre-petition was about 1.6 million, correct?
A Pre-petition, yeah, 1.6.
Q Okay. And that is about $525,000 more than the total amount listed in the lower right hand corner of the chart on --
A That's correct, yeah.
Q Did the debtor agree to reduce the total final amount to address certain objections in the critical vendor motion?
A Yes.
Q Okay. What is the total final amount the debtor is requesting now?
A 725,000.
Q And that's less than one half of the 1.6 million of combined trade payables and accruals pre-petition, correct?
A You're going to make me do math? I'll take your word for it. It's a significant reduction in what was presented. And I do appreciate the confusion.
Q Can you explain why you think the debtor needs these critical vendor funds during these cases?
A So the biggest problem we have in the bankruptcy case here is we have about 800 customers spread across the globe, and about 42 percent of our business is international. If we have supplier disruptions in bankruptcy caused by an inability to

come to favorable terms with the supplier, we run a risk of, A, losing revenue in the short term, but, B, as Dan had said when he started, we've got interest from other parties right now.

One thing that will spook and chill bidding is loss of customers. And for what we're asking here, I just feel like this is a good thing for the business in --

Q Today the debtor is requesting the Court approve 175,000 interim amount for 503(b)(9) claims. Can you explain why you think the debtor needs those funds now?

A Yes, so, of course, right? Like you couldn't cook up a more perfect storm. So we, the day after we filed and it's continued for the last few days, we received a fair amount of vendor invoices that we weren't expecting. Concurrent to that, we have a continuation of terms formed for our largest supplier, and we've sent those out.

So the combination of those two is we're trying to negotiate with our suppliers right now. Feel, I truly believe that we do need incremental approval now in the short term and that's the sole purpose.

Q Did you identify by name any of the critical vendors in your first day declaration?

A No, I didn't.

Q Why did you not do that?

A Because it somewhat sets a peg to our flexibility. I mean, we are working really hard as a team to try to negotiate

favorable terms. If you were to list the supplier, it's almost like a peg, and I think it would inhibit our ability to negotiate good terms and continue to supply. That's why we didn't do it.

Q Mr. Vomero, did you provide a declaration in support of the DIP motion?

A I did.

MR. CORCORAN: Your Honor, I have a copy of that declaration filed at docket number 19. I would like to hand up a copy. May I approach?

THE COURT: You may.

Q Mr. Vomero, is this a copy of your declaration in support of the DIP motion and bidding procedures motion?

A Yes, it is.

Q Was it true and correct to the best of your belief at the time you gave this declaration?

A Yes, it was.

MR. CORCORAN: Your Honor, I move to admit the declaration of Mr. Vomero at docket number 19, subject to any cross.

THE COURT: Ms. Champion?

MS. CHAMPION: No objection.

THE COURT: Any objection by video? It's admitted.

(Exhibit Docket 19, admitted into evidence)

MR. CORCORAN: Thank you, Your Honor.

THE COURT: Thank you.

Q Mr. Vomero, is the debtor asking the Court to prove an additional incremental amount under the DIP today?

A Yes.

Q Can you explain to the Court why you believe it is important to the debtor to have access to this additional incremental amount now?

A So it's all about, this is all about security for our customers, for our employees and for our vendors. And the best way is for me to explain it is it's hard enough, at least in my experience, to explain the bankruptcy process to my clients within their four walls. And when you request funds and it's denied, we all understand what it means.

But our employees don't, our customers don't and our suppliers don't. The people that are making decision, you can't count on that occurring. And it's even, I think, more important now when you have so much overseas. I mean it's hard enough to understand it for a purchasing person in the US If we go out and we're denied the money, the reaction in the narrative is so difficult to control because we can't go out and reach five, six, seven customers and cover 80 percent of our sales. We can't do that.

It's perhaps one of the most even distributions of revenue I've ever seen. So that's why I think this is so important. I'll also add, our employees are really nervous. They have

been there for awhile. And it's hard to explain. I can envision, and I've heard this throughout, well, gee, we didn't get the money that we --

You get questions like that, and it's in the back of people's minds. And having the stability of these funds available, and we've had really great success communicating with the customers we've reached out to and we've tried to touch as many as we can. And it's tempting to us to say we've got a good financial package. We potentially have a buyer. You're going to be all right.

And that's the case here. And it will probably be the case, but this doesn't help if we don't get the amount drawn. We need positive, we need positive press out there for us. It's just very difficult to reach everyone.

Q Do you think the approval of the incremental amount under the DIP will affect the ability of the debtor to negotiate with critical vendors?

A Absolutely.

Q Why is that?

A Purchasing people lose their job when they can't get supply. And they're looking for reasons and doing risk assessments. And this doesn't help in a risk assessment. But any purchasing organization on one of our trading partners, it absolutely doesn't. It really hurts us. We've also made commitments to the suppliers that you will be paid post

petition. It hurts us. It hurts us. It really does.

Q Mr. Vomero, were you involved in developing the DIP budget?

A Yes, I was.

Q And were you involved with amending the DIP budget after the last hearing we had here?

A Yes.

Q And do you believe that the DIP budget that's being asked, being proposed to be attached to the interim order that we are requesting relief for today includes amounts that are necessary to get the debtor to the next final hearing, anticipated final hearing?

A Yes, I do.

Q And is it your belief that the debtor needs the full amount of the interim request today of 3.5 million --

A Yes.

Q -- before the final hearing?

MR. CORCORAN: Thank you, Mr. Vomero. Subject to any redirect, I have no further questions.

THE COURT: Thank you, Mr. Corcoran. Ms. Champion?

MS. CHAMPION: Thank you, Your Honor.

CROSS EXAMINATION BY MS. CHAMPION:

Q Erin Champion for the United States Trustee.

I just have a couple of questions.

A Good afternoon.

Q Good afternoon, Mr. Vomero. My name is Erin Champion. I'm with the Office of the United States Trustee. Going back to your declaration, Mr. Vomero, in support of the DIP financing motion as well as the bidding procedures that debtor's counsel just asked you about, at paragraph 21, page 8.

A Oh, page 8. I'm sorry. I went to page 21 looking for paragraph 8. Yes.

Q Okay, so in paragraph 21, the second sentence, you say, based on the significant disbursements anticipated to be made during the first couple of weeks following the petition date, the debtor would face a liquidity deficit of 6.1 million by mid-April. And that absent immediate approval of the debtors accessing the interim amount under DIP financing, the debtor would lack sufficient funds to operate its business during weeks preceding a hearing for approval of the DIP financing on a final basis.

Can you give more detail as to what significant disbursements that the debtor is anticipating making during the first couple of weeks since the petition date?

A So the first couple of weeks, yeah. So obviously the restructuring related expenses, one. Two, our payroll. Three, you have to anticipate that changing terms, right? You never want to size a DIP under like a very conservative method. You want to have flexibility, A, to ensure you can respond to

unforeseen events. And two, we have a disbursement covenant and we don't want to actually go in and breach.

So those in our normal supply of resale product. So on the face of the statement, those are the major categories of disbursements.

Q And can you be more specific what the restructuring expenses are?

A So professionals involved in this case.

Q Okay, thank you.

A It would also, I believe in there, it was trustee fees and utility deposit --

Q In the restructuring expenses, you mean?

A Yeah.

Q Included in that?

A I put it in there.

Q And then I'm referring back to the original DIP budget. I actually don't have the amended one in front of me. But there is an expense in, I think, week four or so for capital, I'm sorry, capital expenditures.

A Yes.

Q Can you describe what those are?

A So capital, generically or specifically for this case?

Q Well, it's in the budget. I don't know.

A Okay. So maybe I'll start at a high level. So when you look at capital expenditures, there's for productivity, so cost

improvement, revenue growth, maintenance, safety, and in this instance, mining development. So we have to strip and we run campaigns where we strip and we mine and we take the oil out. And so we put that in the capital.

Q So are you saying are those typical expenses, like ongoing expenses that the debtor would have?

A It's periodic. So we'll do a six month to a year campaign. So we're, for example, at Dixie, we're going to start in the spring a mining campaign.

So we will have a third party vendor come in, strip, mine. We'll capitalize that cost and then amortize it as the oils are sold.

And in this instance, so this is a disruptive process. And in any industrial, anyone that I've been involved with, there's a significant amount of maintenance required. And so maintenance, if it's under a certain dollar amount or more routine, it's expensed and runs through the income statement. If it's significant, it's going to extend the life of the asset, it's in capital. So you have to make a provision for maintenance. Some of it we know of. Some of it is going to be unanticipated.

And in this budget as well, we have, so at Standard Minerals, we have two pits. We have the Glendon (phonetic) pit, which is RG, and then we have Robbins (phonetic) pit, which is a more commodity type material. It's too deep. We

have to, it's becoming a safety issue, so we have to expand the radius of the mine. So all of those components are included in CapEx here.

So it's not like we're going out and trying to invest for productivity or growth. This is, like, fair basic stuff that any industrial company would have. And I appreciate your question. I really do.

Q And CapEx is capital expenditures.

A Capital expenditures, yes.

Q Okay. All right, thanks. Going back to the budget, I don't have the benefit of the history that went into this budget.

A Oh, yeah.

Q You know the prior history.

A I'm happy to answer your questions.

Q So as far as the total operating receipts as, you know, it starts as a filing.

A Yeah.

Q How does that, how do those numbers historically compare generally?

A So here's how we project operating receipts. So we, so right when I first arrived, so we created a database of receipts going back to a year. So January of '25, right, by week, and we compared that to sales. And there's a little stagger, right? So when you sell something in, like this week

if we sell it, we expect it to convert to cash. I think it's four or five weeks.

And so we looked historically at that relationship, and there was a really strong correlation. And it's easy to do it in this fashion because, as I mentioned, our customer base is, and our revenue is an even distribution. So it's a great predictor. And it has actually been fairly accurate.

So pretty, but, again, it's a 13 week cashflow. So in any discrete week, we might be off here or there. But over, say, a three or four week period, it has been pretty good. It has held true. So that's how we, that's how we did cash, that's how we do cash receipts in the short term, right?

So in a 13 week cash flow, you have called the first half and the second half. In the second half of the cash model, we have a robust business planning model. And we forecast by month at a very low level. So our sales, our sales file goes down about 2,000 rows. And the company has a really nice forecasting process. It's updated. It's reviewed by management.

So every month we download the forecast and run it through our models. And so we will extrapolate out by month what our sales are. Then we'll pull that into our cashflow model and then divide that revenue stream evenly so for the hour amount. So that's how we do it.

Q Okay. I actually --

A Yeah, it has worked out really well.
Q -- appreciate that very detailed explanation.
A Well, you asked me. I'm here to help.
Q So I'm just going to go back and ask something very basic. Would you say in the last six months to a year, let's say, even prior to filing, was there any major fluctuation in the debtor's sales or revenues?
A You know, I'm not prepared to answer that question. There was some. There was enough -- you know what? I could answer that question very easily with that in front of me.
Q All right, sure.
A In looking at it.
Q All right.
A But it has been a good performing business as an operating company.
Q I'm sorry. Can you repeat that?
A I said it has been a good performing business.
Q A good performing business.
A We did have a downtick in December. A little unexpected seasonality hit us and some weather. So that was probably the biggest anomaly that I've seen since I've been here.

MS. CHAMPION: Okay. Thank you. I don't have any further questions, Your Honor.

THE COURT: Thank you. The Court does have some questions.

EXAMINATION BY THE COURT:

Q Mr. Vomero, turning to one of the questions that Ms. Champion hit on, we've got, again, not approving the full DIP budget, but the DIP budget that was attached at Docket 17-1 from February 16th shows for the three months around seven and a half, a little more than seven and a half million dollars in restructuring expenses. Can you elaborate on the 1.2 million as of last week, another half a million this week, and it goes up and down around a half a million, five to $600,000. Can you explain where those estimates came from and what those are going to?

A Yes, certainly. So it would be, so ABS, so it would be my fees, and they were more heavily weighted on the front end because we were expecting more activity. And then to cycle down and then kick back up towards the end of the sale process. So that would have included us. It would have included Greenhill, Jones Day, debtor's counsel, Katten, who is a special committees counsel.

It would include Ben Pickering, who is our independent director, his fees. It includes our local counsel. It includes a utility deposit. It includes trustee fees. And there's a provision for the creditors committee. I think I've got them all.

Q Thank you. That's very helpful.

A Yeah. But we did align that. We spent a lot of time

analyzing and putting it together. There was thought put in.
Q Thank you. So reading this budget without the DIP through the week of March 20th, if we were to go that far, and we certainly can talk about, you know, if we need a shorter lease than that. But through the March 20th, without the DIP, the shortfall is less than $3 million. Am I reading this budget correctly, that it's 2.7?
A I actually don't have it in front of me. If there's --
THE COURT: Perhaps counsel, I certainly don't want to give a copy of mine because mine is a little.
MR. CORCORAN: So for the record, Your Honor, a couple things on the DIP budget, just so we're all on the same page. What I have in front of me and what I'll distribute to anybody in the Court who wants it, is the DIP budget that was attached to the first interim order. There were some changes between the motion that was filed. And then what we did with the DIP budget afterwards.
We do have in light of some changes that have been made since when we submit what we hope will be a fully consensual second interim DIP order, some minor adjustments to that as well. And so we were waiting to submit that until the end of today's hearing. Although the changes that will be in that budget are reflective of the things that we are talking about and nothing's systematic. So I think for the purposes of, for today, if it pleases the Court utilizing the budget

that was attached to the interim order might be the most helpful for everyone.

THE COURT: Thank you. And can you give me that docket number, sir?

MR. CORCORAN: The docket number is, it is at Exhibit 1 of docket number 50. And I have copies here for anyone in the Court who needs them. For anyone on the video chat, you can go to the KCC website and search for docket 50 and if you scroll down to exhibit one, you'll find the budget that I'm talking about.

THE COURT: The Court would love an extra copy of that.

MR. CORCORAN: May I approach?

THE COURT: Yes, you may. If we could give our witness a copy of that, that would be helpful as well.

THE WITNESS: If you'll make me do math, my glasses and a calculator, Your Honor.

THE COURT: Thank you very much.

THE WITNESS: Oh, actually, Your Honor, can I get my glasses?

THE COURT: Certainly. Certainly. Thank you, Vomero.

Q So turning your attention to docket 50-1, which is the budget, if you look, the Court's looking for the week dated March 20th, 2026. And looking at the ending available cash

before DIP draw is $2.792 million, which was the same as the prior budget. So with that shortfall, can you explain, understanding liquidity issues, but can you explain the current request that's before the Court to get us, if we were going to go through March 18th, I believe is what was referenced in the reply today?

A Yeah. So if I'm looking at this, so we have a six and a half, so we have the interim draw on the 13th, right? Is that, so right before that, is that driving, Your Honor, is that driving the increase in cash?

Q So we have 8.5 million in the week of --

A Yeah.

Q -- in this order of the week of 3/13, and that puts us at 12 million cash the next week, right, or that week and the next week.

A Yeah, that's correct. Did I get your question correctly?

Q I'm not, I guess I need to understand when I'm looking at the line item, ending available cash before DIP draw, that actually goes down to 2.72 million, and that's after consideration of the 8.5 that has been infused into the debtor. Is that correct? I guess I'm confused as to what --

A Oh, so what this is --

Q -- before DIP draw is -- is that before any -- perhaps I'm not offering my question correctly.

A So this is, yeah, so this would be the ending cash balance

at the end of the week would be debt here -- if we didn't have the cumulative amount of the draws.

Q Of the 8.5.

A Right. Well, it's not the 8.5. It would be the cumulative, so it would be the entire DIP. So this is, what this is trying to do is project the cashflow, basically, what the business would do, right, in a discrete week. Because it's an ending cash balance, it would be the cumulative, yeah.

Q So I guess I'm just confused. So if you are permitted to draw the 6.5 plus the 8.5 under the section, beginning book cash balance, are you saying that the cash, the cash can't still be a negative 2.792?

A That's --

Q So that's the line item that I'm, you have $12 million.

A Yeah, that's the bottom line.

Q Okay.

A Yeah, sorry about that. So yeah, we built it to say what's the business going to do operationally to see if we can do better or worse than that.

Q So that leads me back to my next question, and, again, I apologize. This particular budget format is not familiar to the Court, but we're infusing, per this budget, 15 million, and we have 12 at the end of the day after that infusion on the week of March 20th. Am I reading that correctly?

A That's correct.

Q Okay. So we really have a shortfall of 3 for round numbers.

A During this period.

Q Is that the 2.792? Okay. So I was reading that line correctly.

A Yeah.

Q Okay. So that was where the Court was concerned, and I understand perhaps it makes more sense to understand exactly what is the current revised draw on the DIP. I believe Mr. Sullivan's pleading this morning said that they were looking for a March 18th court, which is a standard court date for the next month or so, or I guess it's three weeks. What is the amount that the debtor needs? And the liquidity cushion, what is it that the debtor is looking for and needs to get through? Because from the Court's reading of this, should we be drawing and paying interest on $12 million when it's sitting in the bank and we have all of these objections regarding it?

A Yeah, that's a very good point. So we, so our initial draw was six and a half, so we wanted the three and a half now. And I don't happen to have a copy of that budget. Is this, do you have the original?

MR. CORCORAN: It's still in the box.

A Yeah. If Your Honor --

THE COURT: Mr. Reynolds, please feel free to shed some light on this. I want to understand what's being asked.

MR. REYNOLDS: Absolutely. So I think the right way to look at this, Your Honor, is to first the DIP draw in week one was only $3 million. And today we are only asking for 3.5. And so to think about it is the 6.5 that is in week one here, we contemplate what we're asking for today.

So in any week before it contemplated 8.5 million, if you're looking at that last line, you would subtract 3.5. And any week after that, you would subtract 12, 15 to the full draw minus the 3 that we've already gotten. And so what that leads you to is in the week that ends on March 13th, we would have available liquidity of about $408,000. If the draw that we have so far after the first hearing were the only draw that we had.

A couple of points on that. That number of 408,000 assumes that our customers and vendors act in the same way they have been, which based on Mr. Vomero's testimony, I don't think is an assumption that can be made if we only have 3.0 million funding. And additionally, having available liquidity of only $400,000 is a very precarious position for the debtors to be in.

The March 18th date that was discussed in the motion was simply referencing the available dates that the Court had given us under the first. We would ideally love to come in on March 4th and get final approval for the DIP. I think we're going to talk about the case management motion near the end of

the hearing. So I'm going to punt that a little bit. But the point we were trying to make is after March 4th, the next available date we heard was March 18th. And so to not have the 3.5 million now and wait until March the 18th, we're talking about being in a very dangerous liquidity position at that time based on assumptions that we probably can no longer make on the, how our vendors and our customers would react.

And so the point we were trying to make was towards necessity. One of the things that we have to show the Court is that this 3.5 million is necessary. And it, you know, this is a demonstration of exactly how necessary it is to get us to, if not March 4th, then to the next available hearing after that, March 18th.

THE COURT: Understood. Mr. Reynolds, I don't suppose that you on a presumption that the Court was thinking similarly to you that a March 4th at two o'clock would make some sense since we're all going to be back anyways. Was there a calculation of an amount that to get through that date that doesn't put the debtor in a precarious position? And I guess we really should be asking our witness who's on the stand under oath as opposed to counsel.

But I do, I appreciate the explanation because the Court was trying to understand the budget and the March 18th date and things like that so.

MR. REYNOLDS: Your Honor, to, excuse me. Okay. So

what I would say is, first of all, Your Honor, while we could come up with that number, I think that it is not in the best interest of the debtor's estate to do another week instead of something that gets us to a final hearing because one of the things, as Mr. Vomero's testimony stated, is that we want to let the world know that stability is here. It's important for our employees. It's important for our customers. It's important to our vendors.

And when I say important to employees, customers and vendors, everyone who's interested in bidding on these assets who's listening on the phone goes, that's really important to me. And so, as far as maximizing value to the estate, we think that having the stability of 3.5 million today provides us, until the 4th, until the year 18th, sufficient stability to make sure that the parties in interest who, as Mr. Vomero stated, may not have the most sophisticated understanding of the bankruptcy process, and the parties in interest who are going to hopefully bid up our sale price and provide meaningful recoveries to our constituents are looking for.

So, what I would say in the first instance is, I think that the 3.5 today is necessary for the estate for all of the reasons that Mr. Vomero said. If what the Court directs is that we would like to do a week again, I would like a chance to confer with Mr. Vomero and to get a number, but I'll have to be candid with the Court. I would suggest that that number would

be very close to 3.5 million, and then there might be a reasonable conversation about what is that delta that we're building, how does that improve the estate or anyone in the relative cost benefits.

THE COURT: And does the 3.5 get you through the 18th?

MR. REYNOLDS: The 3.5 would get us through the 18th.

THE COURT: Okay. Thank you.

Q And Mr. Vomero, as our witness, do you concur that the 8., excuse me, the 3.5 million would get you through a hearing on March 18th if the Court was to grant an interim relief, as well as adjourn for a final hearing on March 18th?

A Yes.

THE COURT: Thank you. Thank you, Mr. Reynolds.

MS. CHAMPION: Your Honor, I do have a couple follow up questions in light of the additional information and also the Court's questions.

THE COURT: Certainly.

MS. CHAMPION: If I may.

MR. BELLUCK: Your Honor, it's appropriate, I would like to ask the witness some questions as well. This is Joe Belluck from Belluck Law.

THE COURT: Thank you, Mr. Belluck.

Q Mr. Vomero, in the budget that we've been looking at, that counsel passed around, the affiliated, or the affiliate, I'm

sorry, affiliate payments that are forecast over the next 13 weeks or so, are those payments being made pursuant to the intercompany service agreements?

A Yes.

Q Okay. So --

A And the, there's service agreements, and then we have a supply agreement and a reverse supply agreement as well. So I would call those commercial agreements versus service --

Q I think in the, in your first day declaration and some of the --

A Oh, they're all called service agreements? Okay.

Q I think they were referred to as intercompany service agreements.

A Okay, fair enough.

Q And I don't know the exact date each of those agreements were entered, but I think it was sometime around July of 2025. Does that sound right?

A Some were July. Some of the commercial agreements were at the end of the year.

Q Okay.

A Yeah.

Q Okay. So prior to the debtor entering into those agreements, was the debtor making payments to affiliates similar to the payments that are forecast in the budget?

A We, I would have to look back, but we've evolved the

payment terms as business conditions changed or our situation has changed.

MS. CHAMPION: Okay. Thank you.

THE COURT: Thank you. I believe, counselor, I have not done a cross examination by video, but recognizing that this is an evolving case, please proceed and we'll decide if this is, where this is going to go. But if you have a few questions on the budget, please proceed.

MR. BELLUCK: Okay. Yeah. Thank you for your indulgence, Your Honor. I'll try to be very brief.

CROSS EXAMINATION BY MR. BELLUCK:

Q Mr. Vomero, can I ask you when you were first contacted by the debtor?

A By the debtor? I had an initial --

Q Yes.

A I don't know, actually.

Q You have no recollection of when the first time the debtor contacted you?

A (no audible response)

THE COURT: Can you ballpark timeframe, summer, last summer.

A Well, we had an initial engagement with a parent company and Jones Day, so I'm not exactly sure who I spoke to about becoming the CRO. So my first introduction to R.T. Vanderbilt and its entities would have been perhaps a year ago, yeah.

THE COURT: Thank you.

Q And, sir, have you reviewed the testimony that Vanderbilt's corporate representative gave in the punitive damage phase of the Bishop (phonetic) trial about the financial state of Vanderbilt?

A No.

Q Were you provided that at any time?

A No.

Q Okay. And, sir, do you agree with the statement that without the costs attendant to the Talc litigation that Vanderbilt, that the debtor would be cash positive?

A Yes.

Q And do you agree that there is now a stay of that Talc litigation with respect to the debtor?

A The lawyers told me that. That's my understanding.

Q And is there a reason that with the stay of the Talc litigation and your agreement with the statement that the debtor would be cash positive without that it's not cash positive now?

A It will be at a certain point in time. It's an issue of preserving value here. Obviously, the bankruptcy costs are not. I mean, that's indisputable. But in terms of --

Q Okay. Just one final --

A Yeah, no, go ahead. I'm sorry.

Q No, I'm sorry. I didn't mean to cut you off.

A No, I'm --
Q And I'm sorry. One final question. Could you estimate what percentage of the 6.5 million that was granted and you're now requesting is being used for professional fees related to this restructuring, what percentage of that 6.5 million?
A I think it's pretty easy math to do. I haven't done that math right now. So, I mean, if you take the restructuring figures, so I think we said over three weeks, 750,000 over the next three weeks divided by 6.5 -- What timeframe are you speaking to in reference? But the math is right, you know, the data is there to do the math. I don't quite understand.
MR. BELLUCK: Thank you. And thank you, Your Honor.
THE WITNESS: Thank you.
THE COURT: Thank you. Mr. Corcoran, you have redirect?
MR. CORCORAN: Thank you, Your Honor. Just a few questions on redirect.
REDIRECT EXAMINATION BY MR. CORCORAN:
Q Mr. Vomero, do you still have your first day declaration in front of you? Can you turn to page 11, paragraph 40 of that first day declaration?
A Okay.
Q Do you recall Ms. Champion asked you some questions about the dates that the debtor entered into the various intercompany commercial agreements that you were talking about?

A Yes.
Q Okay. And in paragraph 40, you list many of those agreements, is that correct?
A Yes.
Q Okay. And many of those agreements, well, let's start with the first bullet point on page 11. Do you see where it says on January 1st, 2013, the debtor entered into that certain management services agreement withholding?
A Yes.
Q Okay. Was there, to your understanding an agreement in place from 2013 between the debtor and holdings regarding, for management services?
A Yes, there was.
Q And then if you go on, it said that the agreement was subsequently amended and restated on July 9th, 2025. Do you see that?
A Yes.
Q And further amended on December 23rd, 2025?
A Yes.
Q Okay. Is it your understanding that many of these intercompany commercial agreements, as you referred to them, were amended and restated in 2025 from earlier?
A Yes, they were.
Q Okay. And so --
A Some were amended, some were created.

Q And were some terminated, too, as well?
A Yes, some were terminated.
Q Okay. And so is it your understanding that, at least before you came on board with the debtor, that there was always in place intercompany agreements between the debtor's affiliates for the services that the debtors were being provided by those affiliates?
A Sure, it was services, yes.
Q Okay. And so in the line for affiliated expenses, that would, you know, prior to the December 2025 date, that those expenses historically would have been covered by those agreements?
A That's correct.
MR. CORCORAN: I have no further questions, Your Honor.
THE COURT: Thank you. Ms. Champion?
MS. CHAMPION: I have nothing further Your Honor, thank you.
THE COURT: Thank you.
MR. CORCORAN: I think, if we're done with the witness can the Court excuse him?
THE COURT: Certainly, just wanted to make sure we were done with the witness.
MR. CORCORAN: Yes thank, you Your Honor.
THE COURT: You are excused.

MR. CORCORAN: We talked or Mr. Reynolds talked to Your Honor about whether or not we would call Mr. Mendelsohn today and we don't plan to.

However he did submit a declaration in support of the DIP motion and the bidding procedures at Docket number 18.

THE COURT: Yes.

MR. CORCORAN: And I would like to move to admit that into evidence for purposes of this hearing today, subject to any cross.

THE COURT: Certainly does, Ms. Champion, do you have any cross?

MS. CHAMPION: No Your Honor, thank you.

THE COURT: Does anyone have any objection on the submission or seek to cross examine Mr. Mendelsohn? I'm getting nodding from the participating parties.

The Court will allow that and the Court finds that very helpful because that is part of the record in support of the DIP. And there were some key elements for Mr. Mendelsohn that were not put on the stand today, so thank you for that.

MR. CORCORAN: Thank you Your Honor. And I'll now see the podium to Mr. Reynolds.

THE COURT: Thank you.

MR. REYNOLDS: Thank you Your Honor. For the record Dan Reynolds, Jones Day proposed counsel to the Debtor. So with the close of the testimony I think there are three key

sets of agenda items for today. And I'm more than happy to take them in any order that Your Honor sees fit.

So set one is we believe that other than the critical vendor motion and the DIP motion, subject to a reservation of rights on the cash management motion for the United States Trustee that I'll read into the record, the other interim relief that we are seeking today is unopposed.

And so for the record what I would like to do is to go through those interim orders. And what's important is that for those interim relief we are not asking for any additional budget. All we are asking for is to continue the relief that we have been granted on an interim basis at the first day hearing until the final hearing whenever that's scheduled.

So we've got bucket one of going through the paces and extending the interim relief on those.

On bucket two is the motions that are contested as of right now and that's the critical vendor motion and the DIP motion. And the third bucket is the case management motion, to figure out how we want to handle next.

I would submit respectfully to the Court that the case management motion we probably want to handle last and end the hearing with when are we back in Syracuse. How do we want to handle it.

As far as disputed versus undisputed motions first, totally at the Court's discretion. I'm happy to do it in

whichever order Your Honor sees fit.

THE COURT: Why don't we go in the exact order that you outlined with the bucket one of the administrative unopposed orders and then we'll move into the DIP and critical vendor.

MR. REYNOLDS: Thank you Your Honor. So Your Honor a couple of housekeeping notes on these unopposed interim orders. First just for the record we don't need to do anything with the interim utility order today as Judge Radel's interim order lasts through March 24th.

Second and I noted this before but I want to make sure that I hit all my points, it's important to note that for the uncontested further interim orders the Debtor is not seeking authority to spend any additional amounts above and beyond what was granted at the first day hearing.

As I said all we're trying to make sure that we are doing is that our authority to utilize the budgets that were approved at the first day hearing continues to whenever the final hearing is.

So the first interim order on my list is our employees motion. The motion was filed at Docket number 41 and the first interim order, Docket number 14 and the first interim order can be found at Docket number 41.

Pursuant to the 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.

In the first interim order the Court approved the budget that the Debtors proposed to pay such claims during the interim period. And therefore we're not seeking additional, any additional monetary relief or importantly to pay any additional classes of claims including the sales incentive program and other benefits that we are only seeking relief on a final basis.

But rather this Court, all we are seeking at this time is for the Court to approve our continued authority to pay such claims until a final hearing.

Therefore unless the Court has any questions for me, I'd respectfully request that the Court enter a second interim order authorizing but not directing to pay those employee related claims we sought interim relief to pay.

THE COURT: Thank you. With a clarification regarding the bonus program the Court appreciates that's reserved on a final basis. The Court will grant that and will look to you for a second interim order.

MR. REYNOLDS: Thank you Your Honor. Up next is the insurance motion. That was filed at Docket number 11 and the interim order can be found at Docket number 44.

By this motion the Debtor seeks authority to continue

its existing insurance and surety bond programs including making any payment under its premium financing agreement.

This authority includes, this includes authorities to obtain and renew, amend or replace those policies and satisfy certain fees and obligations owed to the brokers.

In the first interim order the Court approved the budget that the Debtors proposed to pay such claims during the interim period. And therefore we are not seeking any additional monetary relief or to pay any additional classes of claims, but rather to have this Court approve or continued authority to pay such claims until the final hearing.

Therefore unless the Court has any questions for me, I would respectfully request that the Court enter a second interim order authorizing the Debtor to continue its existing insurance and surety bond program.

THE COURT: Thank you. Your request is granted having no opposition filed with response to those motions or that motion.

MR. REYNOLDS: Thank you Your Honor. Up next is the tax motions that was filed at Docket number 8 and the interim order can be found at Docket number 45.

By this motion the Debtor seeks authority to make payments on account of tax obligations which they incurred prepetition and were assessed in the ordinary course of business.

In the first interim order the Court approved the budget that the Debtors proposed to pay such claims during the interim period. And therefore we are not seeking any additional monetary relief or to pay any additional classes of claims, but rather to have this Court approve our continued authority to pay such claims until a final hearing.

Therefore unless the Court has any questions for me, I would respectfully request that the Court enter a second interim order authorizing the Debtor to continue to pay tax obligations which they incurred prepetition and were assessed in the ordinary course of business.

THE COURT: The motion again is granted and the Court will look to you for that second interim order.

MR. REYNOLDS: Thank you Your Honor. The next item on our agenda is the cash management motion that is at Docket number 9 and the first interim order can be found at Docket number 48.

One housekeeping note on this one Your Honor. The Debtor and the Office for the United States Trustee continue to discuss the Debtors' money market account with JP Morgan. The funds in this account are used solely to collateralize letters of credit that secure reclamation and related regulatory obligations of the Debtor. They are not operational funds of the Debtors' business.

Given that the Debtor will not be accessing or using

these funds nor will the funds be available to creditors if at all until the underlying letters of credit are terminated and satisfied, we are currently in negotiations with the Office of the United States Trustee regarding a possible waiver to the requirements of Section 345B solely with respect to this account.

In addition as has been discussed as part of these negotiations with the Office of the United States Trustee, we are adding language to the proposed second interim order that we have negotiated with JP Morgan.

I can report and I'm going to seed the podium to the Office of the United States Trustee, that the United States Trustee is not objecting to the further entry of a second interim cash management order including this language. But the Office continues to reserve its right to object and we've extended the Office's deadline to file an objection until this Friday February 27th.

With that I'd just like to read the JP Morgan language into the record. It will also appear in the proposed second interim order when we submit it to the Court.

JP Morgan Chase Bank NA and its affiliates collectively JPMC is authorized but not directed to apply funds from the cash collateral account it maintains with the Debtor in the event of a valid draw request from a beneficiary of a prepetition letter of credit for which the Debtor is an

applicant.

In each case in accordance with the terms and conditions set forth in the relevant letter of credit agreement and assignment of deposit account agreement between the Debtor and JPMC without further order of this Court. To the extent necessary JPMC is hereby granted relief from the stay imposed under Section 362D of the Bankruptcy Code for the purposes of this paragraph.

With that Your Honor at this time I'd like to seed the Office, excuse me, I'd like to seed the podium to the Office of the United States Trustee in case the Office would like to add anything regarding where we stand on this motion.

THE COURT: Thank you. Ms. Champion.

MS. CHAMPION: Thank Your Honor. Friday, February 27th objection deadline is not going to work for me.

This is not a hugely complicated issue. I mean the good news is the Debtor has its accounts at you know authorized depositories.

The problem is the money market accounts they might need additional collateral. My team you know that handles banking bonding collateralization, they're working behind the scenes to maybe come up with some kind of solution. I don't have that yet. So that's why I just don't want to be tied into an objection deadline of February.

I mean I'm okay with a further interim order but I

don't think that's exactly fair.

THE COURT: Thank you Ms. Champion. And realistically if we are going out to March 18th I would be establishing a March 11th date for objections to globally once we get to the omnibus state, that that would provide a sufficient additional time for you. And it sounds like there's enough comfort for JP Morgan Chase and all the various holders of the letter of credit that that gives them the release that they haven't even asked for yet. Do you agree with that?

MR. REYNOLDS: Absolutely Your Honor. First I'd like to apologize to the Office. I thought that we, that the February deadline had been agreed to and obviously it hadn't and the fault is ours. And so I apologize to the Office of the United States Trustee for misstating the record.

If we would like to extend the objection deadline consistent with a March 18th hearing, if that's where we end up when we discuss the cash management motion, the Debtor has no objection whatsoever.

THE COURT: Thank you.

MS. CHAMPION: And that's fine. And we might even come up with a resolution by that time, I don't know. So that would work.

THE COURT: Certainly. So with that record before it and just the general conversation, the Court grants your motion and will look to you for an order with that language. And

we'll talk about the dates when we get to the close of the calendar.

MR. REYNOLDS: Thank you Your Honor. Can I have one moment to confer with the Office of the United States Trustee?

THE COURT: Certainly. I'm sorry.

MR. REYNOLDS: No, not at all Your Honor. So with that Your Honor we move on to our two contested motions, the critical vendor motion and the DIP. And if it pleases the Court we'll begin with the critical vendor motion.

THE COURT: Certainly.

MR. REYNOLDS: That was filed at Docket number 12 and the first interim order can be found at Docket number 43. The United States Trustees' objection can be found at Docket number 82 and our omnibus reply in support of the critical vendor motion and the DIP can be found at Docket number 85.

Your Honor as Mr. Buchta discussed with you at the first day hearing, it is routine for a Debtor to seek relief under the Doctrine of Necessity to pay the prepetition claims of certain critical vendors to the Debtor's ongoing operation.

As you heard from Mr. Vomero today, we sharpened our pencils and we're now asking for more limited relief on a final basis.

One correction from our pleading early this morning, the aggregate number of $725,000.00 is correct. But some may have noticed that the three entries in the fourth column do not

add up to $725,000.00. That is because on a final basis, so not today, we are seeking authority to pay $225,000.00 of 503B(9), not 200,000. But again we'll be back on that when we seek final relief.

On an interim basis we are seeking authority to pay $175,000.00 of 503B(9) claims and that relief was not included in the first interim order.

And we are also asking to continue to utilize the $350,000.00 of critical vendor budget that was approved at the first interim hearing.

As Mr. Vomero testified the authority to pay such amounts is vital to the Debtors' ability to maintain value through this sales process and any interruption in operations may create significant problems for our customers, for our vendors and for the potential bidders who are currently examining the business.

In our reliance support we responded to a number of the United States Trustee's objections, but I think there's a few that are very important to highlight.

First Mr. Vomero's testimony earlier showed exactly why these funds are needed. We need them in order to maintain the safety of operations and the continuity of operations. And by doing so maintain the relationship with our customers. And by doing so maintain the overall business in the best position during the sale process.

Second, it is not customary in this or most Circuits that a Debtor publish a the list of vendors it considers critical.

The reason why is that we are seeking authorization but not direction to pay certain prepetition claims. Given that the Debtor is not seeking direction to pay any particular vendor and does not intend to pay any particular vendor unless it determines in its sound business judgment that such vendor will or presents the risk that it will, refuse to provide goods or services that are essential to the Debtors' operation.

Disclosing the identities of critical vendors on the record will invite all those identified to demand critical payments and hamper the Debtors' ability to negotiate reduced amounts. It will also increase the amount of inbounds from creditors who are not on the critical vendor list.

That said we have offered and will continue to offer to show our list of proposed vendors to the United States Trustee in an in camera manner that sufficiently retains the confidentiality of that list.

As a result Your Honor the Debtor respectfully requests the entry of a second interim order providing the additional relief I just discussed at this time because it is appropriate and in the best interest of the Debtors.

At this time I'll seed the podium to the Office of the United States Trustee or any other party in interest who

opposes the entry of the order.

THE COURT: Thank you.

MR. REYNOLDS: Unless you have any questions for me.

THE COURT: I do not.

MS. CHAMPION: Your Honor I do have some just general comments I want to make but I think I'll wait until we go to the DIP financing motion.

With respect to the interim relief on critical vendors. I think so long as you know subject to a final order and that my office is provided the information regarding which vendors are being paid and also a specific list of who the trade payables include that were referred to by Mr. Vomero in his testimony earlier and that's in his declaration.

So if we can be provided with that information, I can live with a further interim order on the critical vendors.

THE COURT: For the $175,000.00?

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

MR. REYNOLDS: Your Honor we are happy to provide all of those and most importantly the continued opportunity to object and review not only for the Office of the United States Trustee but for the Committee once they are formed.

On the information we are happy to share all of that information. We need one, we need to provide that information in a way that it cannot be accessed after a Freedom of

Information Act request.

So we are happy to work with the United States Trustees' Office to find such a solution. But that is our one hang up before we -- we would just email it if we could. But we want to make sure that, this is confidential, sensitive business information and we need to protect it.

Subject to getting those protections we are happy to share all of that information with the Office of the United States Trustee.

THE COURT: That certainly makes sense. And I'm sure counsel will be able to work through the issue to make sure that you have enough information to satisfy your inquiries while obviously protecting the business and trade secrets of the Debtor as well so.

MS. CHAMPION: And we'd have to do that in person because I can't agree on the behalf of the Department of Justice to you know accept something from the FOIA request.

THE COURT: I'm sure this isn't the first time that this has come up in and I'm sure that there is other cases. And again this is a further interim so the Court isn't quite as concerned. I don't want to kick this can down the road given the urgent circumstances.

MR. REYNOLDS: We're more than happy after today's hearing to jump into a conference room and just open up the laptop and show you all the information. We're more than happy

to do that.

THE COURT: Perfect. And we will be back again next Wednesday as well obviously in the afternoon. So to the extent that there's additional sharing that can make the Trustee comfortable, the Court certainly encourages that to meet and confer.

So with that said, with the revised requests being put on the record, the Court finds as it previously did that there is authorization under 105 of the Code that empowers the Court to issue any order, process or judgment that's necessary to carry out the provisions of this Title.

In addition Section 363 of the Code authorizes the Debtor in possession to use property of the estate in the ordinary course without notice. And further under B(1) the Trustee, here the Debtor in possession, may use, sell or lease other than in the ordinary course property of the estate.

In addition the Doctrine of Necessity allows a Bankruptcy Court to permit pre-planned payments of prepetition obligations where such payments are critical to the Debtor's reorganization. And that is In Re: Windstream Holdings, Inc., 614 B.R. 441.

There's a three factor test in determining whether to grant a critical vendors motion as is follows. The vendor must be necessary to successful reorganization. The transaction must be in the Debtors' business, sound business judgment and

other unsecured creditors must not be prejudiced by payment to those critical vendors.

Here the Debtor has demonstrated these factors exist with the unique nature of its business based on the testimony of Dean Vomero the CRO in support of the motion on the record today as well as the prior affidavits in support of the first day motions Docket 3 and I believe there was Docket 19 and then also Mr. Mendelsohn at Docket 18.

The Court finds that the relief should be granted. The Court therefore approves on an interim basis the request of a $175,000.00 and we'll look to you for an order on that along with the clarifying language as discussed with the United States Trustee on the record today.

MR. REYNOLDS: Thank you Your Honor.

THE COURT: Thank you.

MR. REYNOLDS: Your Honor that brings us to the DIP financing motion. For the record the motion was filed at Docket number 17 and the interim order can be found at Docket number 50. As with the critical vendor motion our omnibus reply can be found at Docket number 85.

Your Honor I think it's important to start with what are we asking for today. We are asking only for the ability to access an additional 3.5 million under the DIP loan on an interim basis. This 3.5 million is absolutely necessary to continue the company's operations and these Chapter 11 cases

until we can obtain final relief.

I want to take a step back and talk about why it's necessary, harkening on some of Mr. Vomero's testimony both from today and from his declarations.

First what was our cash position the moment we filed. It was very low. We filed with just over $1.2 million with cash on hand. Why was it so low.

As discussed in the Vomero Declaration, the Talc litigation that the Debtor has faced was a significant and worsening economic burden.

The Debtor finished 2019 with 307 cases pending against it. As of the petition date there are more than 1,400 cases pending.

As of the petition date the Debtor and its predecessor and interest had settled more than 1,250 cases and more than 4,500 cases have been dismissed. But even those dismissals came with a cost of time, of professional fees.

These costs took a business that was cash flow positive and made it cash flow negative. Without filing the Chapter 11 case, the Debtor would have exhausted its available liquidity in the near term.

Second, even though those Talc related costs have been in large part reduced or eliminated by the filing of the bankruptcy petition, those costs have been replaced.

Frankly Your Honor as we all know Chapter 11 is an

expensive place to live. While that does include professional costs of the Debtor, the UCC and the DIP lender, it goes beyond that. It includes U.S. Trustee fees. It includes increased challenges collecting receipts from customers and includes navigating request for harsher trade terms from vendors.

The Debtor and its advisers are of course doing everything it can to minimize those costs and those efforts are reflected in the approved budget.

Your Honor we passed it around earlier and we did this discussion earlier and so I just want to briefly highlight it.

The DIP budget that was filed with the interim order which Your Honor has in front of you. As we discussed without additional funding, we know that the Court is available on March 4th and March 18th. Without available funding we will be in a dangerous liquidity position on the week ending March 13th.

And so the Debtor feels that it is absolutely necessary not only to pay the obligations that it expects to pay during the interim period, but to make sure that those obligations don't increase because of increased uncertainty about the Debtor' Chapter 11 process. That the Debtor obtains the full amount of the interim DIP loan at this time.

As discussed that interim DIP loan would be enough to get us to March 18th. And counsel for the DIP lender can rise

and speak for himself, but I'm happy to report that if the final hearing on the DIP loan was scheduled for the March 18th hearing, it would technically be a milestone breach and the, the DIP lender would allow it and would not create a problem.

So we can take the final DIP to March 18th. We would still like to leave the settlement motion and the bidding procedures motion until March 4th, pending of course what I said on the first day hearing, that once the Committee is appointed, we would of course discuss the schedule with the Committee. And the Committee reserves all of its rights to object to the schedule.

In addition we have heard the concerns of the group that refers to itself as the certain law firms and the United States Trustee and we have taken a few affirmative steps without any sort of deal to resolve the objection in response. We've just heard the concerns and we're going to say okay to this while their objections are pending.

First as discussed in the critical vendor motion we sharpened our pencils significantly on the critical vendor motion and have reduced the amount of authority we are asking for on a final basis in that motion.

Second as I said in the first day hearing, we are going to negotiate an appropriate budget with the US, UCC once they are appointed.

However in hope that they are appointed soon and hit

the ground running, the DIP lender has agreed to a revised budget that allocates an additional $50,000.00 for the Committee this week.

And we are still going to negotiate an appropriate budget once they're here. But they have 50,000 to start with before that negotiation even starts.

Third, there were some concerns in the pleadings regarding the proceeds of insurance being DIP collateral. We've negotiated a carve out to the DIP collateral with the DIP lender and I need to take a moment to explain this because it's a little bit technical but I think once I do it will become clear.

The year 1986 is an important dividing line when it comes to our insurance policies. Policies written before early 1986 are what are known as occurrence based policies while policies written after early 1986 are what are known as claims made policies.

Because of the difference in these policies and the applicable coverage limits to the occurrence based policies written after early 1986, the vast majority of any potential proceeds from insurance for Talc based claims will come from policies written in early 1986 or before.

Therefore the DIP lender has agreed to carve out from the DIP collateral any proceeds related to Talc liabilities arising from any policies written in early 1986 or before. And

we believe that this covers the concern on the insurance point raised in this objection.

With that Your Honor I want to turn briefly to the objections. We filed a response as I stated before and that can be found at Docket number 85.

As we say there respectfully, the objections miss the mark in two key ways. First as I just discussed this additional financing is absolutely necessary to preserve the assets of the estate and is necessary, essential and appropriate for the continued operations of the Debtor's business. And that really is one of the keys to the standard described in Mid State Raceway, is it necessary.

I think, I really can't put it better than Mr. Vomero did earlier about the necessity of the additional 3.5 million. But it's more than just paying the obligations that we expect between now and a final order.

It's also showing the world a stable Debtor with sufficient financing so our vendors continue to provide us goods on credit and our customers know that we have the vendor base to continue to perform in the ordinary course of business. Having those are vital to making sure that we maximize the value that is achieved through the sale process.

Second the objections are in large part focused on issues that are not in front of the Court today. The settlement motion is not in front of the Court today. The bid

procedures are not in front of the Court today.

Whether the DIP lender can obtain liens on avoidance actions is not in front of the Court today. The UCC's budget, the 506 waiver, the 522 waiver, the marshaling waiver, none of these are in front of the Court today.

Further and importantly nothing we have done so far or are asking the Court to do today will in any way bind the UCC once they are appointed. They will have full rights to object to any portion of the DIP financing package at the final hearing.

What in front of the Court today is solely whether or not the Debtor will continue to have access to the DIP loans including an additional 3.5 million of availability before entry of the final order.

For the reasons discussed, the Debtor respectfully submits that such funding is crucial to the Debtors' estates and respectfully requests that the Court enter a second interim order allowing the Debtor to access the full 6.5 million of DIP loans available under the DIP credit agreement prior to the entry of the final order.

So with that I think I first want to make myself available for any questions the Court may have. And then I'd seed the podium to the Office of the United States Trustee and counsel for the certain law firms as they call themselves, to discuss any issues that they may have.

THE COURT: Thank you, the Court has no questions.

MR. REYNOLDS: Thank you Your Honor.

THE COURT: Thank you. Ms. Champion.

MS. CHAMPION: Thank Your Honor, Erin Champion for the United States Trustee. Your Honor before I get to the substance of the United States Trustee's objections specifically to the DIP financing, I do just want to have a couple of minutes just to make a couple of comments for the record. That I would have liked to have made last week but we honestly didn't really have time to really grasp the enormity of this case until and having a few days to digest it.

Your Honor what was filed last week was obviously a culmination of many months of negotiations and coordinated planning by the Debtors' affiliates and the Debtor.

Their counsel and financial advisors notably filed on a Federal holiday when the Court and the United States Trustee's resources were necessarily limited.

Your Honor this is not an emergency filing. This is not a melting ice cube. Mr. Vomero's testimony supports that fact. He says it's been you know a cash flow positive company, it's a strong company.

Rather this was a well calculated strategy to get what the Debtor and its affiliates really want here and that is third party releases. Releases for the Debtor, its affiliates, all other related parties from liability from 1,400 claimants

dying of cancer or from families of individuals who have already lost individuals that have died as a result of those injuries.

This is not a case about preserving jobs or reorganization of a Debtor that's in financial distress. So let's just call it what it is. This is about these affiliates and the Debtors' parties and boards and all the related parties getting out of their liability for millions of dollars of verdicts as a result of these injuries.

It is the claimants that should be at the heart of this case. And clearly as demonstrated today I think that's lost on the Debtor and the Debtor's professionals here.

I am asking that the Court consider the broader sequence of events in this case.

When core elements of a Debtor's Chapter 11 filing are put in place prepetition under the guidance of professionals retained by an affiliate as they were here and those elements define, not only define but also limit creditor recoveries and potentially pave the way towards releases that benefit non-debtor third parties, the Court really should require a fully developed record and independent creditor scrutiny before any or any orders are locked in and that the fate of this case has been decided.

Your Honor at present there's no Committee of tort claimants that has been formed or afforded a meaning

opportunity to investigate these intercompany agreements, evaluate DIP terms, analyze vendor payments or assess the overall trajectory of this case.

I was asked last week to make a best effort to get a committee formed. Well when you're dealing with 1,400 claimants you know that all have a stake in this case and are at the heart of this case, they should be allowed an opportunity to be heard.

Those -- my office received an overwhelming amount of responses from claimants who want to serve on the Committee. And we are in the process Your Honor and I have been true to my word, I have made every you know effort to get that process started.

We have been involved in setting up interviews and reviewing claimants' applications for selection on the Committee.

And the Office of the U.S. Trustee will hear every single one of those claimant's stories and why they want to serve on this Committee.

I am not going to be constrained by some arbitrary milestones in a DIP financing motion in a sale process that essentially basically seeks financing professional fees and case administration at a cost of nearly one half of the value of the assets that are even being proposed to be sold. I think it's $35 million in the sale motion. So we're going to tie up

$15 million to a you know DIP financing, okay.

Your Honor I know I'm kind of getting off base here, but the reason why that's so critical to mention now because, the Debtors' own professionals last week and again today, the timing of all of those things is significant. The DIP financing, the sale motion and 9019 settlement structure yes, those are not exactly before the Court today. But as counsel stated last week it's all part of a three legged stool.

And while these are not before the Court they should be addressed at least in -- I want to address them in my comments.

I also want to note that the record reflects that the Debtors' proposed counsel, Jones Day, was actually retained by the Debtors' holding company in March of 2025. And after that retention then the intercompany agreements were, yeah maybe they were renegotiated I don't actually know what the Debtor was paying under those agreements prior. But you know they were all renegotiated prior to this filing.

That alone should create some pause by the Court. And it certainly did for the U.S. Trustee to say okay, we need to just slow the process down a little bit so we can look into those agreements and allow a Committee to undertake their duties.

And the Court should not solely rely on the Debtors' own self serving investigation by an alleged independent

manager who was brought into the case after these deals were already made to review those relationships.

Your Honor the United States Trustee is asking the Court today to just be mindful of who the real creditors are in this case. They are not banks, they're not trade vendors. They're individuals with injuries that have caused ovarian cancer, mesothelioma, lung cancer. Many of whom have died or are dying. Others with wrongful death claims.

And whatever one's view of the merits of those claims are, they represent human beings who have been harmed. And for many of them this case may represent their only opportunity for recovery.

In that, context matters. All of that context matters to what's happening here today.

With respect to the DIP financing Your Honor Debtors' asking the Court to approve the post petition finding financing under 364.

But the Debtor obviously bears the burden of showing that that's reasonable and in the best interest of the estate and I don't know if that was done here today.

The evidence doesn't show an operational need for financing. I think even after the testimony today it still doesn't.

Prior to the petition date the Debtor acknowledged and Mr. Vomero confirmed that it was cash flow positive absent

the escalating cost of the Talc related litigation.

This Chapter 11 filing was intended to stop that litigation and its associated expenses. Yet the post petition budget projects the Debtor operating in the red even after the very expense that allegedly drove the filing has been stayed.

Second what the record does show and that Mr. Vomero's testimony confirms is that the proposed financing will largely fund professional fees on the administration of this case.

Section 364 is not a blank check to incur secure debt simply to finance a bankruptcy strategy. Particularly where doing so encumbers estate assets that would otherwise be available for distribution to those claimants.

The financing any, really any financing order beyond the bare minimum of what is necessary to get us through a further interim hearing Your Honor will shape the trajectory of this case and ultimately the pool of assets along with it.

The DIP motion does not exist in isolation. It operates in conjunction with the sale motion and the Rule 9019 settlement motion.

And when viewed together these motions present an integrated structure that appears designed to move this case towards a global resolution that includes releases benefitting the Debtor and affiliated third parties.

This may or may not all ultimately be permissible and

but it underscores why the Court has to demand strict adherence to the Debtors' burden under 364.

And it's also why it must allow a fair process for the creditor committee selection.

The United States Trustee, Your Honor is not here to prejudge the ultimate resolution of these claims but this process matters.

The Code requires a demonstrated need for borrowing, requires reliable evidence. And it requires the estate assets not be encumbered absent a clear showing that doing so preserves value for creditors, not merely that it advances a strategic objective.

On this, before Your Honor on this record the Debtor has not shown that it requires the financing that it proposes to operate. It has shown at most that it requires financing to litigate and negotiate within Chapter 11. That is not the same thing.

For those reasons Your Honor and out of respect for the 1,400 individuals whose rights are directly affected by the structure being put in place, the United States United States Trustee respectfully submits that entry of a DIP order is not warranted based on the terms proposed by the Debtor.

Your Honor just to give you an update where we are in the Committee formation. We have interviews with claimants scheduled you know the rest of this week and early into next

week.

Then that will require narrowing down you know after consultation with the U.S. Trustee, you know, who those committee members are going to be and then getting counsel into place.

So we need time. And these and this goes to the next piece, the third bucket I guess that we're going to be discussing and that's the case management.

My office needs time, these claimants need time. And I really don't understand you know where these deadlines are coming from you know that are setting up the Debtor to default for the benefit of the DIP lender who's really financing the the professional fees in this case. That's just not fair to claimants. That's all I have, thank you.

THE COURT: Ms. Champion I believe you had referenced a $35 million sale price. I believe it was 50 and then it was minus the 15 of the DIP. Certainly correct me if I'm wrong Mr Reynolds. But just, I just want to make sure so those on the phone or on video -- is the Court's understanding correct?

MR. REYNOLDS: The Court's understanding is absolutely correct. The current stalking horse bid is $50 million. And so the interim relief that we are seeking of a total DIP loan of $6.5 million is a little more than 10 percent of what I would say are the fair market value of the overall asset package, so Debtor and non-Debtor assets, that are being

put up for sale.

THE COURT: Thank you. I just didn't want people on the phone or video --

MS. CHAMPION: And I apologize but I thought that was with the credit bid I thought 15 million came in.

THE COURT: Understood.

MR. REYNOLDS: That's right so --

MS. CHAMPION: So really the value of the assets though.

MR. REYNOLDS: No, I would disagree with that. We are getting a total of $50 million of value --

MS. CHAMPION: Which includes the credit bid.

MR. REYNOLDS: Includes the credit bid. And so I think if I may Your Honor I know other people want to speak, there's a lot there. And I want to just correct the record on a few key points because I think it's important.

We have a lot of people on the phone and I want to make sure that we're all under the exact same understanding.

So number one, reference was made to third party releases. Again the settlement motion is not in front of you today.

But these are not third party releases as people talk about third party releases. This is not Purdue where we're seeking non-consensual releases that third party release any non-Debtor.

This isn't the Diocese of Syracuse case where as part of a plan we are asking for opt out releases so that third parties release non-Debtors.

The only release in the settlement agreement is the Debtor releasing the parties to the settlement agreement. No creditors are being asked or deemed to give a release under the settlement agreement.

So I just want to -- third party releases have a term of art in the bankruptcy community. And I want to make sure that everybody understands third parties aren't giving their releases, the Debtor is providing the release.

THE COURT: Understood. And again those aren't there but I do understand Ms. Champions need to make a clear record and understand the true constituents and creditors that are here because there was not references to those. So the Court does appreciate that very much so Ms. Champion.

MR. REYNOLDS: And on that front I think it's also, well these issues aren't in front of the Court today. I do think it is important to understand how this case ultimately concludes.

The case if successful concludes with the sale of substantially all of the assets, the pay down of the DIP and then a large pile of cash in the estate that goes to fund the creditors, primarily the Talc claimants that have been discussed.

And the job of the Debtor's estates, the job of the Debtor's professionals is to make that pie as large as possible. How do we make that pie as large as possible. The first is that we obtain the highest and best value for the overall assets of the sale.

And so the relief that we are seeking today of the additional interim DIP and the critical vendor motion helps us maintain value of the estate for the sale process. The higher that number is, the more money there is to distribute to creditors.

The second is the settlement agreement. And I did not negotiate the settlement agreement Your Honor. The settlement agreement was negotiated by independent counsel and was negotiated by an independent director who negotiated it with the non-Debtor parents. And when that is in front of the Court Your Honor they will discuss why that settlement satisfies the obligations under 9019. But that is the second.

The third is the DIP, making sure that we have an appropriate DIP that allows us to get to the value maximizing transaction.

So this case is focused ultimately on providing the best recovery possible to the claimants. And the way to do that is to create the best sale process possible, under the most reasonable time line. Because every day we spend in Chapter 11 unfortunately just costs money and to maximize the

pie as much as we can.

And then the only other thing I would like to say Your Honor is I think Mr. Vomero's testimony clearly showed that this was a melting ice cube. We entered Chapter 11 before the entry of the first interim DIP with just over $1 million in cash. And we would have had a liquidity event if we didn't enter Chapter 11.

And you know it's an old phrase I was taught as a very young associate, Chapter 11 isn't a result, it's a tool. It's a tool to get us to a value maximizing solution.

So yes we have to incur expenses to get to a value maximizing solution. But this value maximizing solution wasn't available outside of Chapter 11 and we have to get to it within Chapter 11. And that provides the greatest recovery to the creditors in this case.

With that Your Honor I'd like to seed the podium back to the United States Trustee's Office or anyone else who wants to be heard on the interim DIP.

THE COURT: Thank you. Ms. Champion.

MS. CHAMPION: I have nothing further Your Honor, thank you.

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

MR. BELLUCK: Yes, Your Honor.

THE COURT: Go ahead sir.

MR. BELLUCK: Thank you again for indulging remote appearance. My name is Joe Belluck from the Law Firm of Belluck Law.

As I mentioned during the first hearing I've been representing people from the Town of Gouverneur for 25 years. I don't know what counsel means by certain law firms. I'm not here to represent law firms, I'm here to represent my clients who have either died or are actively dying for mesothelioma, a signature asbestos injury that was caused by the conduct of the Debtor.

I say this with all due respect to my colleagues at Jones Day who I've been litigating with for 25 years when they represented RJ Reynolds in my tobacco cases. And Bond, Schoeneck & King, I have many friends there who have been involved in coverage work in some of our asbestos cases.

But the conduct of this Debtor over the past 50 years including very recently to not only hide the dangers of asbestos from their workers, from community members, from users of the products that their Talc went into and to manipulate and lobby State and Federal government to change the definition of Talc to not include what they were mining, knowing full well that doing that was hiding these dangers.

Nothing that this Debtor says should be taken at face value. As I mentioned we put in evidence in our trial in St. Lawrence County that a jury found warranted the award of

punitive damages based on this Debtors' conduct. And they are certainly entitled to a fair hearing. But everything they say should be scrutinized.

And our clients collectively have I believe over 90 percent of the liability and we have not had time to form a committee. We have not had time to hire professionals. We have not had time to scrutinize this brazen effort to cram down a plan.

And even today Your Honor the statements being made by counsel are shocking to me. They come to you with their own witness asking for financing for their lawyers and their consultants and offer $50,000 for the claimants to hire counsel for a week of work.

They know and we know that that is simply an effort to not let us properly prepare, review, challenge what they're doing. It's just wrong.

Counsel from Jones Day, Mr. Reynolds, just stood up and said they're not asking for third party releases. They are asking for extremely broad estate releases from successor reliability claims against solvent non-Debtors.

They are attempting to cram down what would be a 524(g) plan with proper analysis without actually having a vote of the claimants.

I second almost everything that the Trustees said and our arguments are laid out in our paper. But our clients need

time. And as their own witness said this has been in the works for a long time. It's even longer, some of these affiliates that are involved and they want releases with are a decade old.

And they have put together a plan and want to move it so fast. And this is all of their own making. Nobody put them in this position except themselves.

So it shouldn't be our clients and our claimants who have to bear the burden of solving this for them in this rapid manner. And for those reasons we continue to oppose the DIP motion.

THE COURT: Thank you Mr. Belluck. Is there anyone else who wishes to be heard.

MR. LAZEROWITZ: Your Honor, briefly. Evan Lazerowitz, Robinson and Cole on behalf of the Kazan, McClain Law Firm. Your Honor I just want to note for the record on behalf of our client that we join in the objection filed at Docket number 80. Thank you.

THE COURT: Thank you.

MR. HOWARD: Thank you Your Honor. It's George Howard from Vinson & Elkins on behalf of R.T. Vanderbilt Holding Company, the parent here, non-Debtor and the other non-Debtor affiliates.

There have been a number of serious things said about us I just wanted to respond to those very briefly today and introduce myself to the Court.

R.T. Vanderbilt is a pretty small, family owned business, not huge. Roughly about the same size as the Debtor here.

The family cares deeply about the employees and feels it's important to find a going concern outcome for the Debtor. And we're trying to do the right thing to support them as best we can through that process.

But we are not some huge corporate behemoth with a ton of resources. And so we're doing the best we can. And we also have on the chemicals business which is the other primary business here our own senior secured ABL financing that we use to finance the business in the ordinary course.

I think I just wanted to point out that the holding company, the other affiliates did not exist until 2013 and the Debtor stopped mining Talc in 2008. So the entities that I represent have never mind Talc, have never produced Talc, have never distributed Talc. Have had nothing to do with Talc ever in their 13 plus years of existence.

There's obviously been litigation ongoing and spiraling of that entire time as far as I'm aware. The non-Debtor entities have never once been found liable by a Court of law or tribunal for anything related to Talc product liability over that 13 year time frame.

I do think the release here, the lawyers can debate it, but it is not a third party release, it's a Debtor release.

There's a lot of words but we're going to contribute what we believe are very valuable assets to enable the Debtor to maximize the proceeds available here for claimants. And all we're asking in return is that we don't get sued by the Debtor.

No third party releases, no Purdue, no opt out, no opt in. No requirement of a Court injunction just a simple Debtor release.

The last thing I point out is this is not our time line. If you look at the global settlement agreement the outside date for approval of the global settlement that we negotiated with the independent manager is April 30th.

I don't think anyone should play chicken with the DIP lender. They have a set of milestones on how much money they're willing to lend to this business to enable a sales process and a competitive auction.

But I wasn't involved in negotiating those. My client wasn't. We are reacting to them like everybody else.

On that front we're prepared to cooperate with discovery. We have nothing to hide. We didn't do anything wrong. And we think when people see the facts supporting the settlement they'll realize it is absolutely the best outcome for this estate to avoid a liquidation and to maximize the value available.

Unless Your Honor has any questions for me that's all I wanted to say today.

THE COURT: I do not, thank you.

MR. HOWARD: Thank you.

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

MR. REYNOLDS: It appears not Your Honor.

THE COURT: Thank you. The Court is going to take a very brief recess. It is about of five of four. We will reconvene at 4:15 and the Court will render its decision. And then we will turn to the procedure --

MR. REYNOLDS: Thank you, Your Honor.

THE CLERK: Court is adjourned until 4:15.

(Recording paused at 3:57:08)

(Recording resumes @ 4:16:08)

THE CLERK: Continuing with the 2 p.m. Calendar.

THE COURT: Thank you, Mr. Reynolds.

The Court has had an opportunity to consider the pleadings before it today as well as the testimony of Mr. Romero as well as the objections raised by the United States Trustee and certain talc claimants with respect to the DIP request being made to the Court today.

The Court also recognizes that this is a greatly reduced request from what was originally contemplated and has reviewed the factors of the Midstate Raceway and finds that the request should be granted. The proposed financing is an exercise of sound and reasonable business judgment based upon

the testimony of Mr. Romero today. The financing is in the best interest of the estate and its creditors.

It avoids a liquidation and allows a sale process in whatever form that ultimately takes as a going concern which ultimately benefits the creditors in this case.

The Court finds the credit transaction is necessary to preserve the assets of the estate and is necessary, essential, and appropriate for the continued operations of the debtors businesses.

Again, as testified by the CRO of the company today that the terms of the transactions are fair, reasonable, and adequate given the circumstances of the debtor borrower and the proposed lender Commodore.

Again, the Court finds that those were fair and reasonable. The terms were not onerous and the Court has certainly seen much worse terms in other cases and believes that they are fair and reasonable and that the financing agreement was negotiated in good faith and at arm's length between the debtors on one hand and the lenders Commodore on the other hand. The testimony at the first day hearing or the representations were that there was no insider relationship.

Commodore is in fact a third-party lender and stalking horse purchaser and that those were all at arm's length based on the record before the Court.

The reduction in the amount requested as well as the

committee's reservation of rights as outlined by Mr. Reynolds gives the Court further comfort to grant this motion as well as a going concern. And the representations by Mr. Mendelson in his docket 18 that there was no ability to obtain unsecured financing in this case. So with that said, the Court will grant the motion subject to the various adjustments and modifications put on the record before it today.

With granting that motion, however, Mr. Reynolds, there was several references to the bid procedures as well as the 9019 settlement motion. As the Court noted, as counsel, as office of the United States Trustee, Mr. Belluck noted, you know, the timing of this and the insider nature of these transactions do require a very heightened scrutiny and there has been a significant amount of marketing of these assets and time involved to get all the ducks in a row to get here.

So as the Court conveyed before, much to the DIP lender stalking horse counsel's chagrin, the time frame is incredibly strict here and is just, I don't think it's going to work without ruling on what's being presented, but we need a creditor's committee, we need ample time to provide that and transparency for this in light of the timing in the time frame leading up to the filing where all of these things, everyone on the debtors team had sufficient time to dot their i's and cross their t's.

So the Court is not ruling on anything because

they're not before me, but don't be surprised if that's where that discussion goes with respect to the timing and the insider nature of those transactions. So with that said, the Court will look to you for an order after running it by the Office of the United States Trustee and with the updated budget, I believe you said there are going to be a couple of minor tweaks to that that will not impact the amount being borrowed, however.

MR. REYNOLDS: Yes, Your Honor, and on the schedule, so -- first off, thank you. Second, talking about the schedule, this naturally blends right into the case management motion and what comes next, and we have a hearing scheduled on March the 4th and we have the Court's availability, if it's still available, on March the 18th.

As I stated earlier, you know, the final DIP hearing, whenever it is we schedule it, I have authority from the DIP lender to have that scheduled on March 18th instead of March 4th. I also have authority, Your Honor, and we made this offer to the plaintiffs who in their own pleading referred themselves as the certain law firms. I want to make sure that I'm talking about the exact people. So that was the name they chose, so I'm going to call them the name they chose.

We made this offer to them and for the record, they said no, but I want to make this offer both to the Court, if it so chooses, and I will also warrant that when the committee is

open that this offer will remain open for the committee, which is we can also extend settlement motion originally currently scheduled for March 4th also to March 18th another two weeks.

What we want to keep on March 4th is the bidding procedures motion to make sure that the sales process continues unabated and that we make sure that the bidders have the schedule that they need to submit their highest and best bids and we keep that process going for a value maximizing transaction.

So with that on the case management, what I would suggest and I would say that perhaps we schedule this and then we let the committee be formed and we handle that, is that we leave the bidding procedures order for March the 4th to keep the process moving for a value maximizing transaction. We take the final DIP and the settlement on March the 18th and then the only remaining question, and this is a preference for your honor, is whether or not for now all the other interim relief that have granted from the utility, well not the utility, but from taxes to cash management all those things, do we hear those on the final basis on March the 4th or do we hear that on a final basis on March the 18th? I would suggest March the 4th but I don't think that it's a significant Delta between March the 4th and March the 18th.

On those things we have a budget that we should be able to manage until March 18th. I would like to get that final

relief especially on the critical vendors by March the 4th but it will put stress on us but we could probably make it to March the 18th.

THE COURT: Ms. Champion, did you have to want to weigh in on anything that's proposed? I mean the Courts going to order what it's going to order but I know that you're under tremendous time constraints and committee constraints and all of those things.

MS. CHAMPION: I appreciate that, Your Honor. I'll just defer to the Court's schedule.

THE COURT: Certainly. So a couple of things, both the March 4th and then the March 18th are available. The Court was inclined and I think I might have mentioned at the first day hearings to leave a two o'clock slip on that and then actually unless we need a separate date we can just go from month to month, March 18th, April 15th, whatever that Wednesday is recognizing at any point you can you know request a different hearing date or if there's a shortened time or something that you envision needing that and those those dates are posted.

Just the reason that we're going to be two o'clock was starting in April all of the Syracuse calendars instead of having just seven and eleven calendars those will be all cases. So they will start at 9:30 in the morning and the 12-13 calendar goes usually till about 1:30. So I just want to make

sure that the Court is available and present when ready to ready to move on this when we have all counsel waiting for that.

So the Court would, the Court would be inclined to keep the administrative motions, the wage motions and things for March 4th because I believe that that in itself gives the creditors some comfort of the wages are going to be paid on a final basis and I think that those are really more administrative motions. I think that those should be considered on the sooner basis for March 4th at two o'clock for those I guess you called those pool one for those pool one motions I believe.

MR. REYNOLDS: Yes although I would ask the United States trustee if that would now include the critical vendor motion as well because that was technically in pool B with the DIP motion but I if so yes. I just for clarity --

THE COURT: I guess I put the critical vendor and the DIP motion together.

MR. REYNOLDS: Okay. And I think that those should be on the 18th that those are whereas your taxes your bonds insured you know surety and insurance and wages that those can kind of let's just clean those up and get those on a final basis in the absence of an objection. Does that make sense?

MS. CHAMPION: And that would have been my thought to, they are pretty intertwined, so it would make sense --

THE COURT: Certainly. So the balance then for the DIP and the critical vendor would be adjourned to March 18th at two o'clock. And do we need anything else -- and then and then with that I think we would have an objection, well that's three weeks technically if you filed those today the standard objection would be March 11th but why don't we give that to March 13th. We'll give the US trustee a couple of extra days and perhaps with a lot of luck we have a committee.

UNIDENTIFIED ATTORNEY: Your Honor, I'm sorry to interrupt but just with respect to the committee you know the interviews are not going to be completed till early next week assuming a committee is formed next week they would have to hire counsel and experts there's going to be discovery that the committee wants very material discovery so you know I don't know if the 18th is realistic or not but I just want to preserve the committee's right when it is formed to object to the timing and make sure it can properly prepare.

THE COURT: I believe that there was a reservation of rights for the committee with respect to the milestones the DIP milestones and things like that. And I guess the question that I had not thought through in terms of bifurcating the sale and the settlement or excuse me the bidding procedures only and the settlement motion do we then are we the sale is marketing the assets that are part of the settlement agreement and how are we discrediting the transparency and the undermining the

bankruptcy process and deterring people from. from that.

Again I have no issues with adjourning out the settlement motion I think that that's ultimately going to be a necessity just given the stringent opposition and the insiders and the timing and things but I'm not opposed to getting the bidding procedures underway as long as no one sees a downside to that because I want to make it perfectly clear if we go that route it's not a fait accompli that the 9019 is approved which I think goes without saying but I just don't want that we've marched down we've already pulled out one leg of the three-legged stool so to speak and now it's you know you have to go down the other road so I'm not sure how you feel about that.

MR. REYNOLDS: What I would say your honor and I don't know if this is strictly true but it's practically true that a bidding procedures motion could fairly be considered interim relief before the sale motion.

The bidding procedures motion sets the table for the sale, gets parties going, sets deadlines for the bidders to get their bids in, and the milestones that are the most meaningful are the milestones regarding the entry of the sale order and the closing of the sale which would be milestones that are after March the 18th. And so, what we're doing in the bidding procedures order is yes we are starting the process of and making sure the process is on a timetable to market the assets.

And what I would say is we had a very healthy marketing process before the petition date. Before the petition date, just like today we have no guarantee how your honor views the settlement motion and people were still willing to submit bids. And so I think given the exact same information on the process that having the bidding procedures order heard on March the 4th and then have that process continue is the right way to go. Fully understanding that on the milestones that matter, the sale and the closing, that by reserving the committee's rights to object to the DIP on a final basis, those milestones are still very much at play and subject to an objection if they choose to so object.

THE COURT: Understood. Ms. Champagne, it looked like you want5ed to weigh in on that?

MS. CHAMPION: Yeah, I'm just unclear, so the March 13th objections would be to critical vendors and DIP financing so the Court wouldn't want further objections --

THE COURT: If there were any, if there were additional objections, I mean your objections are carrying through --

MS. CHAMPION: Okay.

THE COURT: -- so yes but if there's anyone else who comes out of the you know the creditor base who wants to object on the final basis if a committee counsel is there and wants to object on a final basis I was just -- instead of doing it on

the 11th like a regular motion I wanted to have additional -- but your objections and --

MS. CHAMPION: Okay.

THE COURT: -- reservations of rights will pass through to the final so --

MS. CHAMPION: Understood. And then the other thing I'm unclear on, the bidding procedures, those are still going to be heard March 4th?

THE COURT: That's that's what is being suggested.

MS. CHAMPION: Yeah, I mean I know that I'm going to be filing an objection and part of the objection will be that the committee needs to weigh in because there are certain things in the bidding procedures that we're going to submit are kind of baked in the cake here in favor of the DIP lenders so I'm just telling the Court now that we're going to have issues with it so to me it makes no sense to have that returnable March 4th because we're just going to be asking for more time. And I think that's what Mr. Belluck was also alluding to.

THE COURT: Understood and, the Court certainly expects that and appreciates that very much.

I'm not hearing -- the Court did sign the application shortening time so as it sits right now it's there. The Court has not given thought to whether it will grant that just the bidding procedures piece. Perhaps again there is a reservation of rights that makes the parties comfortable within the context

but does recognize there's probably some provisions baked.

MS. CHAMPION: And I just wanted to --

THE COURT: I appreciate that but I'm not I'm not hearing a request to adjourn that out and certainly the Court the order is the order as we sit right now and we'll deal with that on the fourth when that comes before the Court.

MR. REYNOLDS: One housekeeping matter on the administrative motions. Would you like us to file a notice setting the same objection deadline I believe it is for the day before at noon for the final relief on the inner administrative interim orders as would is currently the objection deadline for the bidding procedures?

THE COURT: I'm sorry I understand what you're saying I got you now.

MR. REYNOLDS: Okay.

THE COURT: I would think for the March 18th for the administrative motions why don't we set March 13th so that corresponds with the critical vendor DIP?

MR. REYNOLDS: Yes.

THE COURT: I'm sorry

MR. REYNOLDS: -- but March the 4th, --

THE COURT: I moved those up.

MR. REYNOLDS: -- employees, taxes --

THE COURT: Yes. 12 o'clock the day before Tuesday March 3rd.

MR. REYNOLDS: We will file the -- I think we'll probably have it as an order, a proposed order as the same as the scheduling order for the bidding procedures order just so it looks the same and it's all set.

THE COURT: Perfect.

MR. REYNOLDS: So we'll upload that to Your Honor, and make sure that, that will be the, all the administrative motions and explicitly not the DIP the critical vendor motion.

THE COURT: Correct. I apologize I was thinking that those were on the 18th we've moved -- it's been a moving target here.

Was there something else from the debtors team?

MR. REYNOLDS: Unless anybody from the team wants to throw a shoe at me I think that takes care of the case management portion. Okay. Great.

THE COURT: I do have one issue on the case management.

MR. REYNOLDS: Great.

THE COURT: Before we go down this road what about, we have a lot of bonds we have a lot of sureties we have a lot of permitting I did briefly review the asset purchase agreement etc. I'm not seeing service on the DEC the Division of Mineral Resources or the Federal Mine Safety and Health or the other municipalities or, I know we have multiple jurisdictions where we're operating I would hate to get through a sale process and

find out that there's some reason we can't close because the permitting and transfer and all of those things are not in order so I guess I would ask the debtor what the thought process is on that.

MR. REYNOLDS: So what I would say first Your Honor, is one of the things that the bidding procedure motion does is set out the notice procedure for the sale order and so what I will commit to between now and March 4th is we're going to make every effort to scrub that list to make sure that it that the notice of the sale motion covers all of the entities that you just mentioned will have the benefit of the transcript to make sure that we don't forget any but I would submit that our expectation is that for the sale notice those are entities who aren't necessarily creditors so may not have gotten creditor matrix notice but would get sale notice especially for a lot of those permit holders where permits may be assigned that's where their notice may come from.

So we will make a redoubled effort between now and March 4th to make sure that the notice of the sale which I know any purchaser is very interested in making sure we get right, it has all of those parties and one of the things when I come back on the 4th and talk to you about is an update on that.

THE COURT: Perfect. Thank you. And the other just administrative matter we have the there was a reference and I'm not sure maybe Ms. Champion if you got something the Court has

not seen any applications for appointment for any of the debtors professionals and we'll look to you for that. Again the Court noted we had several Jones Day attorneys in on first days that's not uncommon but we do have we are in upstate New York and the travel time from Texas and things I just caution the debtor can hire who they are and we recognize that those may be metropolitan city rates but certainly to the extent that I can speak for Ms. Champion that those types of things with multiple attorneys and excess travel and things from, from places far away will be certainly looked at to be reasonable and necessary and beneficial so to the extent that that's a piece of an appointment the Court has not seen the Court just throws that out there based on the last court hearing that --

MR. REYNOLDS: Absolutely, Your Honor. We are very nearly there and filing retention applications I don't want to get in front of my team and promise something that's not absolutely certain but I fully expect by the time March the 4th comes along those will be at least on file. And we'll handle those as the local rules permit but that that those are coming for all the professionals and we take your note on, on travel time and we will make sure that the teams that we send are necessary and lean for the relief that we are seeking.

THE COURT: Thank you the Court appreciates that and that will ultimately help you on your fee application stage so the Court appreciates that and I think that was my list for now

and then did you have anything further?

MR. REYNOLDS: Not today, Your Honor, thank you very much.

THE COURT: Okay, so for the purposes of -- we have March 18th, April 15th and May 13th are the three middle of the month there's other dates that are published as well and you can always ask if there was a reason to go on a different day or you need you know specific relief those are all published and I hope to get June out in the next week or two so.

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

THE COURT: Thank you. Is there anything further from anyone? Anyone on the video? Hearing none, thank you.

MR. REYNOLDS: Thank you.

THE CLERK: All rise.

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

I, TRACY GRIBBEN, 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/ Tracy Gribben

TRACY GRIBBEN

J&J COURT TRANSCRIBERS, INC. DATE: February 27, 2026