

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE: Chapter 11
TECT AEROSPACE GROUP HOLDINGS, Case No. 21-10670 (KBO)
INC., et al., (Jointly Administered)
Courtroom No. 3
824 North Market Street
Wilmington, Delaware 19801
Debtors. Wednesday, July 20, 2022
2:00 P.M.

TRANSCRIPT OF HEARING
BEFORE THE HONORABLE KAREN B. OWENS
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For Boeing: Alan Smith, Esquire
PERKINS COIE
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For Stony Point: William Price, Esquire
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Agenda

Item 3: The Boeing Company and Central Kansas Aerospace Manufacturing, LLC's Motion to: (I) Enforce the Order Approving the Sale of the Debtors' Kansas Assets Free and Clear of Liens, Claims, Interests and Encumbrances, and the Asset Purchase Agreement Dated July 12, 2021; and (II) Grant Related Relief
[[D.I. 947](#) - filed June 24, 2022]

Court's Ruling: 3, 5

1 (Proceedings commenced at 2:03 p.m.)

2 THE COURT: Good afternoon, everyone. This is
3 Judge Owens. We're gathered for a hearing in the TECT
4 Aerospace case.

5 We have one matter, I believe, scheduled to go
6 forward. So I will turn the podium over to Mr. Smith.

7 MR. SMITH: Thank you, Your Honor.

8 This is our motion. We did receive the court's
9 communication from the clerk that this would not be an
10 evidentiary hearing and instead would be primarily a status
11 and scheduling hearing. We appreciate that and are not about
12 to try to talk the court out of that.

13 We do thank Your Honor that the motion is ripe for
14 decision today on the basis of undisputed facts and we don't
15 need any more evidence. I don't want to get ahead of the
16 court, but if the court's willing to address that I would
17 like to do that first; otherwise, I think this will be a very
18 brief scheduling conference.

19 THE COURT: Well maybe I should just elaborate
20 what I'm thinking after reading the papers because we could
21 be going down the long path that's not necessary.

22 I read all the papers and I don't think that this
23 can go forward as a motion to enforce the sale order. I
24 think this needs to be an adversary proceeding. I think the
25 nature of the relief that's being sought here is more akin to

1 a declaratory judgment.

2 So I wasn't prepared to hear this motion and that
3 is what I wanted to talk to you all about today. That is why
4 I sent the email saying we don't need evidence because, quite
5 frankly, I don't think this is a matter that is ripe and
6 properly teed up.

7 So I am sorry that I'm taking the wind out of your
8 sails, Mr. Smith, and I'm just jumping right to the merits
9 here, but we had this discussion earlier in the case when Mr.
10 Price filed something and I said its more akin to -- it needs
11 to be filed as a complaint and I have to hold your feet to
12 the same standard and I do think after reading this that this
13 is more appropriate for a complaint.

14 So I don't think we need to move forward on it.
15 I'm not sure if there would be any threshold legal issues or
16 anything that would really -- that I could resolve by motion
17 practice at this point.

18 MR. SMITH: Well, Your Honor, I do think that, in
19 fact, our motion is different from Mr. Price's earlier motion
20 in the sense that this really is interpreting your order and
21 there's a fair amount of precedent, I think, in the Delaware
22 courts that support this as a motion proceeding.

23 Having said that, Your Honor, honestly I don't
24 think that its, you know, the process. While we do think
25 what we selected was the correct root I don't want to spend a

1 lot of time on procedure and process. I do think we ought to
2 get to the merits and if it's the court's determination that
3 that's best done through an adversary proceeding well then,
4 obviously, you know, we will do that and move forward.

5 Whatever the vehicle, though, I do think we are in
6 a posture, Your Honor, of having a pretty clear, I think --
7 again, I know you don't want to get into the facts, but there
8 really is only one set of facts because the Stony Point folks
9 didn't provide any evidence that these are all issues that
10 could and should have been raised a long time ago, that they
11 are barred by the order, by latches and by the fact that
12 they, in fact, ultimately consented to the sale order.

13 We understand the court's procedural ruling and
14 will, of course, follow whatever root you feel is
15 appropriate, but we do think that under these circumstances
16 it doesn't matter where we are. We've got a pretty clean,
17 and clear, and, frankly, undisputed factual record that would
18 justify a grant of the motion today. Again, it is
19 interpreting, in part, your order. That is the ground on
20 which we think the ruling would be appropriate today.

21 THE COURT: Okay. Well I disagree, quite frankly,
22 as I read on the papers. I don't want to make Mr. Price's
23 arguments for him, but to me I didn't authorize you selling
24 other people's property. Now you may have arguments as to
25 why you think that's appropriate, but I will tell you that if

1 there is a dispute before me I would have ordered adequate
2 protection until we resolve the issue of whose property it
3 was.

4 So to me I feel as if the fundamental threshold
5 question, unless I am misunderstanding the pleadings and in
6 an adversary proceeding I allow the parties to argue
7 otherwise, but to me the real question is whose property was
8 this as an initial point and then, of course, you're going to
9 have all your other arguments, but that jumped out at me as a
10 key question because were not in the business here of
11 allowing debtors to sell other people's property. Mr.
12 Price's client has argued that it was their property.

13 So, yes, there is an interpretation point, I
14 guess, of the APA, but when I looked at the APA and I read
15 it, and I know what my understanding was as of the sale
16 hearing which was I was authorizing the debtors to sell their
17 rights and interest in property, not Stony Point's property.

18 So, listen, all rights are reserved, but I see
19 that really as the fundamental issue and you have defenses,
20 of course. You have raised defenses, you have raised other
21 issues, and we will deal with them; a court will deal with
22 them. I'm sure that Mr. Price might move to transfer venue,
23 who knows. I don't know, but I think it has to be filed as a
24 complaint.

25 Mr. Price, I don't want to cut you off. I'm

1 putting words in your mouth. So I'm happy to hear from both
2 of you.

3 MR. PRICE: Good afternoon, Your Honor. William
4 Price on behalf of the Stony Point entities related to this
5 matter.

6 Your Honor, we agree with your procedural
7 interpretation. Either party could file an action here. And
8 there is items that teh federal rules of bankruptcy procedure
9 contemplate adversary proceedings when there needs to be a
10 more robust process and for determining ownership here I
11 think the full rights of discovery would be helpful for both
12 parties to get to the bottom line of whose assets were these
13 and whether or not the order was implicated or not.

14 We may file an action, they may file an action and
15 the issue will be addressed. We're hopeful to resolve it
16 before litigation gets to that extent, but if we can't
17 resolve it then that is what we can do.

18 THE COURT: Okay.

19 MR. SMITH: Your Honor, I appreciate what you just
20 said. I appreciate what Mr. Price just said. Obviously, we
21 will govern ourselves that way.

22 I do feel compelled, Your Honor, to point out that
23 the heart of what we are suggesting is ripe for decision
24 today is, in fact, foreshadowed by something you said which
25 is if somebody had raised this and there was something before

1 me at the time of the sale hearing we would have had a
2 discussion at that time about adequate protection and
3 probably lots of other things. The point is nobody raised it
4 including Stony Point. That is why we do think it's
5 appropriate for decision.

6 Look, I hear the Judge's ruling. I get it. We
7 will go forward, but I can't ignore that, I think, basic
8 point that lies behind this whole dispute today.

9 THE COURT: Well it raises an interesting issue.
10 If I say I'm going to say my house and someone left something
11 there at my house, you know, do they have to come in and
12 actually object when it's clearly their property. I don't
13 know. I mean it raises very interesting issues. They can be
14 briefed at the appropriate time and we will discuss them
15 about whether Mr. Price's client needed to actually come in
16 when it was their position that you were only seeking
17 authorization to sell your or the debtors were only seeking
18 authorization to sell their items.

19 So, you know, I don't know the answers to these
20 interesting questions, but I do know I think that it should
21 be done through an adversary proceeding.

22 MR. SMITH: Well we will go forward on that basis,
23 Your Honor. We understand.

24 THE COURT: Okay. Good. All right. Then I will
25 leave you to it.

1 I will ask, should we discuss anything else before
2 we part ways today?

3 MR. PRICE: Nothing, Your Honor.

4 MR. SMITH: Yeah, I assume it just means somebody
5 will file an adversary proceeding here and we will follow the
6 rules of bankruptcy procedure.

7 THE COURT: Okay. Good. Well, listen, it was
8 very nice to see you all even though it was a short period of
9 time. I hope everyone and their families are well, and
10 continue to be well, and I look forward to seeing you either
11 in person or by zoom in the future.

12 We will consider ourselves adjourned for today.
13 Thank you all very much. Take care.

14 (Proceedings concluded at 2:13 p.m.)
15

16 CERTIFICATION

17 I certify that the foregoing is a correct
18 transcript from the electronic sound recording of the
19 proceedings in the above-entitled matter to the best of my
20 knowledge and ability.

21
22 /s/ Mary Zajackowski

July 20, 2022

23 Mary Zajackowski, CET-531

24 Certified Court Transcriptionist

25 For Reliable