IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
ALACHUA GOVERNMENT SERVICES, INC.,	)	Case No. 25-11289 (JKS)
Debtor.[1]	)	

MOTION OF DEBTOR FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING (A) PAYMENT OF CERTAIN PREPETITION WORKFORCE OBLIGATIONS, (B) CONTINUANCE OF WORKFORCE PROGRAMS, AND (C) PAYMENT OF WITHHOLDING AND PAYROLL-RELATED TAXES, AND (II) GRANTING RELATED RELIEF

The debtor in possession in the above-captioned case (the "**Debtor**") hereby moves (this "**Motion**") and respectfully states as follows:

RELIEF REQUESTED

1. By this Motion, the Debtor seeks entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** (the "**Interim Order**") and **Exhibit B** (the "**Final Order**," and together with the Interim Order, the "**Orders**") respectively: (i) authorizing (a) payment of certain prepetition workforce obligations, (b) continuance of workforce programs, and (c) payment of withholding and payroll-related taxes, and (ii) granting related relief. The prepetition amounts sought to be paid by this Motion are discussed in greater detail below and are summarized in the following chart:

[1] The Debtor in this chapter 11 case, along with the last four digits of its federal tax identification number is: Alachua Government Services, Inc. (5370). The Debtor's mailing address is 13200 NW Nano Court Alachua, Florida 32615.

Payment		Approximate Outstanding Prepetition Amount	Approximate Amount Due Within Interim Period
Workforce Obligations			
i.	Wage Obligations	$61,000	$61,000
ii.	Director Compensation Obligations	$0	$0
iii.	Deductions	$31,000	$31,000
iv.	Bonus Program Obligations	$0	$0
v.	Employee Benefits Obligations[2]	$990,000	$9,000
vi.	Workers Compensation Obligations	$0	$0
vii.	Reimbursable Expense Obligations	$0	$0
viii.	Miscellaneous Benefits Obligations	$5,250	$5,250
ix.	Administrators	$0	$0
	TOTAL	$1,087,250	$106,250

JURISDICTION

2. The United States Bankruptcy Court for the District of Delaware (this "**Court**") has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012. This is a core proceeding under 28 U.S.C. § 157(b). Venue of this case and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief requested herein are sections 105(a), 363(b), 363(c), 503(c), 507(a), and 541 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "**Bankruptcy Code**"), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure

[2] This amount only includes the Debtor's obligations under its savings and retirement benefits plan (the "**Savings and Retirement Benefits Plan**") and severance obligations, and does not include any obligations that are paid to the Parent (as defined herein) pursuant to the Services Agreement (as defined herein).

(the "**Bankruptcy Rules**"), and Rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**").

4. Pursuant to Local Rule 9013-1(f), the Debtor consents to the entry of a final judgment or order with respect to this Motion if it is determined that this Court would lack Article III jurisdiction to enter such final judgment or order absent consent of the parties.

BACKGROUND

5. On July 6, 2025 (the "**Petition Date**"), the Debtor filed a voluntary petition in this Court commencing a case for relief under chapter 11 of the Bankruptcy Code (the "**Chapter 11 Case**"). The Debtor continues to manage and operate its business as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been requested and no committee has been appointed in the Chapter 11 Case.

6. The factual background regarding the Debtor, including its business operations, its capital and debt structure, and the events leading to the filing of the Chapter 11 Case, is set forth in detail in the *Declaration of Janet R. Naifeh, Chief Restructuring Officer of the Debtor*, *in Support of Chapter 11 Petition and First Day and Other Pleadings*, filed contemporaneously herewith (the "**First Day Declaration**"), which is fully incorporated herein by reference.[3]

THE DEBTOR'S WORKFORCE

7. As of the Petition Date, the Debtor employs approximately thirteen (13) salaried employees (the "**Employees**"), all of which are full-time Employees. In addition, as of the Petition Date, the Debtor employs three (3) temporary employees (together with the Employees, the "**Workforce**"). The Debtor has historically sourced its temporary employees through several

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

agencies (collectively, the "**Staffing Agencies**"). The Workforce is not subject to a collective bargaining agreement or similar labor agreement and contains no union members.

8. On June 20, 2025, the Debtor implemented a reduction in force (the "**June RIF**"), impacting sixty-five (65) employees, or approximately 80% of its workforce. On July 1, 2025, the Debtor further reduced its workforce (the "**July RIF**" and, together with the June RIF, the "**RIFs**"), impacting two (2) employees. Prior to the RIFs, the Debtor employed approximately eighty (80) employees and two (2) temporary employees. In connection with the RIFs, the Debtor had limited its operations and retained a core group of Employees to maintain the essential knowledge to allow the Debtor to wind down its remaining business operations.

9. In connection with the RIFs, the Debtor has paid or will pay or otherwise honor all accrued wages due under the Worker Adjustment and Retraining Notification Act (the "**WARN Act**") in accordance with its statutory obligations.[4]

THE WORKFORCE OBLIGATIONS

10. In the ordinary course of business, the Debtor and its Parent (as defined below)[5] incur various labor-related obligations (collectively, the "**Workforce Obligations**") under plans, programs, policies, and agreements maintained by or for the benefit of, or contributed to or entered

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[4] In connection with the RIFs and in accordance with its statutory obligations, the Debtor issued notices to employees pursuant to the WARN Act on June 9, 2025. Due to the anticipated continued reduction in workforce, the Debtor also issued WARN Act notices to all remaining employees (the "**Future RIFs**"). As of the Petition Date, all amounts owed by the Debtor to employees under the WARN Act for wages have been paid with respect to the employees subject to both the RIFs and the Future RIFs.

[5] Prior to the Petition Date and as more fully described in the *Motion of Debtor for Interim and Final Orders (I) Authorizing Maintenance of Existing Bank Account, Checks, and Business Forms, (II) Waiving Certain U.S. Trustee Guidelines, (III) Authorizing Continuation of Intercompany Transactions, (IV) Authorizing Subcontractor Payments, and (V) Granting Related Relief,* filed contemporaneously herewith (the "**Cash Management Motion**"), the Debtor entered into a shared services agreement (as may be amended or supplemented, the "**Services Agreement**") with National Resilience Holdco, Inc. (the "**Parent**") and certain non-Debtor affiliates. Pursuant to the Services Agreement, such non-Debtor affiliates will continue to provide certain services to the Debtor in exchange for a monthly fee and expense reimbursement.

into by, the Debtor before the Petition Date (collectively, the "**Workforce Programs**").[6] The Workforce Obligations are comprised of: (i) wages, salaries, and related compensation (the "**Wage Obligations**"); (ii) director fees and related compensation (the "**Director Compensation Obligations**"); (iii) deductions associated with the Wage Obligations and retirement benefits; (iv) an employee bonus and incentive program (the "**Bonus Program Obligations**"); (v) various health, financial, and welfare benefits (the "**Employee Benefits Obligations**"); (vi) obligations relating to workers compensation (the "**Workers Compensation Obligations**"); (vii) reimbursable expenses and related obligations (the "**Reimbursable Expense Obligations**"); and (viii) certain miscellaneous employee benefits payments, including corporate discounts and tuition reimbursement, among others (the "**Miscellaneous Benefits Obligations**").

11. By this Motion, the Debtor also requests confirmation of its right to continue to honor and perform its obligations with respect to all of the Workforce Programs. The Workforce Programs are essential to the Debtor's efforts to maintain Workforce morale, minimize attrition, and preserve the ability to maximize the value in a sale of its assets and wind-down process. The Debtor believes that the expenses associated with the Workforce Programs are reasonable and cost-efficient in light of its need to retain its remaining Workforce and avoid the disruption that would occur if the Workforce Programs were discontinued. Notwithstanding the foregoing, the Debtor reserves the right to evaluate all Workforce Programs and to make such modifications, including terminating any particular plan, program, or policy, as may be necessary or appropriate during the Chapter 11 Case.

[6] By this Motion, the Debtor does not seek to assume or reject any Workforce Program to the extent that such Workforce Program is deemed to be an executory contract within the meaning of section 365 of the Bankruptcy Code. Moreover, the Debtor does not waive its right to modify or terminate any Workforce Program to the extent that such right exists under the terms of the Workforce Program or as may be authorized by applicable law.

I. WAGE OBLIGATIONS

12. The Debtor pays Employees wages and salaries on a semi-monthly basis through Automatic Data Processing Inc. ("**ADP**"), the Debtor's third-party management and payroll administrator. The Debtor also makes payments on account of its temporary employees. Historically, temporary employees were provided by the Staffing Agencies and the Debtor paid the Staffing Agencies on a quarterly, monthly, weekly, or bi-weekly basis, depending on the agency. As of the Petition Date, the Debtor continues to use one of the Staffing Agencies, and the Debtor believes that there are approximately $18,000 of accrued and unpaid obligations to the Staffing Agencies as of the Petition Date, all of which will come due and owing within the first thirty (30) days after the Petition Date (the "**Interim Period**").

13. Pursuant to the Services Agreement, the Debtor prefunded approximately $100,000 to one of its non-debtor affiliates in order to ensure the timely payment of its payroll obligations coming due on July 15, 2025 (the "**Payroll Advance**"). As described more fully in the Services Agreement, the Payroll Advance will be remitted by the non-debtor affiliate to ADP (the payroll processor) on the Debtor's behalf.

14. As of the Petition Date, the Debtor believes that there is approximately $61,000 of accrued and unpaid Wage Obligations due and owing to the Workforce, all of which will become due and owing within the Interim Period.

II. DIRECTOR COMPENSATION

15. The Debtor maintains a board of directors with one (1) independent director (the "**Independent Director**"). The Debtor is responsible for paying the Independent Director his director fees and related compensation on a monthly basis in advance (with monthly payments due

before the first day of each calendar month).[7] As of the Petition Date, the Debtor believes there are no accrued and unpaid amounts due and owing on account of the Director Compensation Obligations. However, out of an abundance of caution, by this Motion, the Debtor seeks authority to pay any amounts as they come due on account of the Director Compensation Obligations.

III. DEDUCTIONS

16. In the ordinary course of its business, the Debtor makes deductions from the Workforce's paychecks for (i) payments to third parties on behalf of members of the Workforce employed in the United States, including for various federal, state, local, income, and social security taxes, unemployment, court ordered garnishments, child support orders, and other similar programs (the "**Mandated Deductions**"), and (ii) voluntary deductions elected by employees on account of the Employee Benefits Obligations (defined below) (the "**Voluntary Deductions**" and together with the Mandated Deductions, the "**Deductions**").[8] Certain deductions take a few days for ADP to process.

17. As of the Petition Date, the Debtor believes approximately $31,000 in accrued and unpaid amounts are due and owing on account of the Deductions, all of which will come due during the Interim Period. By this Motion, the Debtor requests authority to remit all amounts that may be due and owing on account of Deductions in the ordinary course of business and to pay amounts owed to ADP and T. Rowe in connection with the Deductions as they become due and owing in the ordinary course of course of business.

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[7] The Debtor pays the Independent Director approximately $40,000 per month, and the Independent Director is also entitled to certain supplemental fees and reimbursable business expenses (each as set forth and subject to the terms of the Independent Director Agreement between the Debtor and the Independent Director).

[8] As discussed further below, the Debtor also makes deductions from the Workforce's paychecks for amounts pursuant to the Savings and Retirement Benefits Plan (such deductions, the "**Retirement Deductions**"). The Debtor remits the Retirement Deductions directly to the Savings and Retirement Benefits Plan administrator, T. Rowe Price Trust Company ("**T. Rowe**").

IV. THE BONUS PROGRAM OBLIGATIONS

18. In the ordinary course of business, to encourage and reward outstanding performance, the Debtor has historically offered eligible employees the opportunity to earn bonuses under its Global Incentive Plan, which included an annual, year-end bonus program for active and eligible employees working thirty (30) or more hours per week (the "**Historical Bonus Program**"). The Historical Bonus Program was based on individual and business-level targets and the target incentive amounts ranged from five (5) to thirty (30) percent of the respective employee's base compensation, based on the employee's job level.[9]

19. Prior to the Petition Date and the RIFs, the Debtor paid out 50% of all outstanding bonuses pursuant to the Historical Bonus Program in March 2025 and paid the remaining 50% in June 2025. Accordingly, as of the Petition Date, the Debtor believes there are no accrued and unpaid amounts due and owing on account of the Historical Bonus Program. Accordingly, the Debtor does not intend to make any payments to Employees on account of the Historical Bonus Program during this Chapter 11 Case and is not seeking authorization to pay or otherwise honor any bonuses pursuant to the Historical Bonus Program during this Chapter 11 Case.

V. THE EMPLOYEE BENEFITS OBLIGATIONS

20. The Debtor and/or the Parent provide a wide array of benefits for the Debtor's employees under a variety of benefit programs (collectively, the "**Employee Benefit Programs**"), which give rise to the Employee Benefits Obligations. Full-time employees and part-time employees who work at least thirty (30) hours per week (the "**Eligible Employees**") qualify for all of the Employee Benefit Programs (unless otherwise specified in this Motion). Eligible

[9] Bonuses were prorated based on the number of months worked for the relevant year.

Employees may enroll their dependents, including spouses, domestic partners, and children, in several of the Employee Benefit Programs.

21. The Employee Benefit Programs include: (a) the Health Insurance Plans; (b) Disability Benefits; (c) Flexible Benefits; (d) Savings and Retirement Benefits; and (e) Severance Benefits (each as defined and described below). With the exception of the Savings and Retirement Benefits Plan, the Employee Benefit Programs are administered and funded by the Parent, and will be covered under the Services Agreement and the related intercompany transactions addressed in the Cash Management Motion.[10]

22. Accordingly, the Debtor intends to continue to offer such Employee Benefit Programs to its Workforce but is not seeking authority pursuant to this Motion to make any payments thereunder.

A. Health Insurance Plans

1. Medical Plans

23. Employees of the Debtor have access to medical coverage administered by the Parent that includes several plan options in which Eligible Employees may enroll, including medical and prescription drug coverage (the "**Medical Plans**"). The Medical Plans are provided through Aetna ("**Aetna**" or the "**Medical Plan Provider**"). The Parent generally offers two different levels of coverage under the Medical Plans to Eligible Employees: (i) the "Aetna Choice" plan and (ii) the high-deductible health plan. The Medical Plans also include access to CVS Virtual Care, LifeMart Member Discount Program, and specialty advocates (e.g. neonatal intensive care advocate, mental well-being advocate), and fitness and weight loss reimbursements of $150 each per year.

[10] The Savings and Retirement Benefits Plan is administered by the Parent but funded by the Debtor.

24. The Medical Plans are funded both through Employee contributions and by the Parent.[11] The Parent pays the Medical Plan Providers directly for the benefits pursuant to the Medical Plan, and the Medical Plan Provider is responsible for providing the benefits to the Employees for the relevant benefits period. Currently, with the exception of the Savings and Retirement Benefits Plan, the costs incurred by the Parent on account of the Medical Plans and other Employee Benefit Programs are reimbursable to the Parent under the Services Agreement (as described more fully in the Cash Management Motion).

25. Furthermore, the Debtor offers all former employees benefits as provided under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**"). Under its severance policy, coverage under the Medical Plans and Dental Plans (defined below) ends on the last day of the month in which the employee's employment terminates. Upon termination of coverage, the terminated employee must apply for COBRA to continue coverage. Employees are responsible for paying a portion of the cost for any additional period of time. Sentinel Group is the administrator of COBRA coverage, with benefits provided by individual healthcare providers.

2. Dental Plans

26. Eligible Employees of the Debtor have access to two (2) levels of dental care plans: the Delta Dental PPO and the Delta Dental Premier (the "**Dental Plans**"), each administered by the Parent. The Dental Plans are provided through Delta Dental of MA ("**Delta Dental**"). The Dental Plans are funded both through Employee contributions and by the Parent, which is

[11] Approximately 80% of the cost of the Medical Plans is borne by the Parent, and Employees contribute to the Medical Plans through payroll Deductions to pay for the balance. Employee contributions are deducted from Employee paychecks on a pre-tax basis twenty-four (24) times per year based on the Employee's payment schedule. Thus, payments to the Medical Plans consist of both trust fund payments (i.e., Employee contributions) and contributions from the Parent.

reimbursed by the Debtor for such amounts pursuant to the Services Agreement.[12] Prior to the Services Agreement, such amounts were netted against the Parent and the Debtor's intercompany receivables in each of their books and records. The Parent pays Delta Dental directly for the benefits they actually provide to the Employees for the relevant benefits period.

3. Vision Plan

27. Eligible Employees of the Debtor have access to vision care benefits (the "**Vision Plan**") administered by the Parent. The Vision Plan is provided through EyeMed. The Vision Plan is funded both through Employee contributions and by the Parent, which is reimbursed by the Debtor for such amounts pursuant to the Services Agreement.[13] Prior to the Services Agreement, such amounts were netted against the Parent and the Debtor's intercompany receivables in each of their books and records.

4. Employee Assistance Program

28. Employees are able to access the employee assistance program ("**EAP**," and together with the Medical Plans, Dental Plans, and Vision Plan, the "**Health Insurance Plans**") provided through CCA and pursuant to a contract with the Parent. The EAP includes 24/7 confidential counselling, resources, and support for Employees and their families, up to six (6)

[12] Approximately 80% of the cost of the Dental Plans are borne by the Parent, and Employees contribute to the Dental Plans through payroll deductions to pay for the balance. Employee contributions are deducted from Employee paychecks twenty-four (24) times per year based on the Employee's payment schedule. Thus, payments to the Dental Plans consist of both trust fund payments (i.e., Employee contributions) and contributions from the Debtor.

[13] Approximately 50% of the cost of the Vision Plan is borne by the Parent, and Employees contribute to the Vision Plan through payroll deductions to pay for the balance. Employee contributions are deducted from Employee paychecks twenty-four (24) times per year based on the Employee's payment schedule.

visits per issue, per year, including marital and family concerns, legal and financial entanglements, substance abuse, and grief and loss, among other things.

B. Disability Benefits

29. Eligible Employees of the Debtor have access to certain types of life and disability insurance, including: basic life, accidental death and dismemberment, and disability ("**Group Life, AD&D, and Disability**"); voluntary life insurance, voluntary accidental death and dismemberment, and accident and critical illness for Employees, their spouses, and their dependents ("**Voluntary Life, AD&D, and Critical Illness**"); emergency medical evacuation and international medical travel assistance ("**Emergency Medical**"); and related programs (collectively, the "**Disability Benefits**"). The Disability Benefits are administered by the Parent, which is reimbursed by the Debtor for such amounts pursuant to the Services Agreement. Prior to the Services Agreement, such amounts were netted against the Parent and the Debtor's intercompany receivables in each of their books and records.

30. The Parent provides basic life insurance coverage and basic accidental death and dismemberment insurance to all Eligible Employees through plans that are 100% funded by the Parent, which is reimbursed by the Debtor for such amounts pursuant to the Services Agreement. The Parent also provides short-term and long-term disability coverage for all Eligible Employees.

C. Flexible Benefits

31. Eligible Employees have the opportunity to establish (i) flexible spending accounts which allow such Employees to set aside pre-tax wages, subject to minimum and maximum annual contributions, to pay for eligible out-of-pocket expenses for themselves and their dependents (the "**FSAs**"), and (ii) a health savings account (the "**HSA**", and together with the FSAs, the "**Flexible Benefits**") for Eligible Employees enrolled in the high-deductible health plan to pay for certain out-of-pocket medical, dental and vision expenses. The Flexible Benefits are administered by the

Parent, which is reimbursed by the Debtor for such amounts pursuant to the Services Agreement. Prior to the Services Agreement, such amounts were netted against the Parent and the Debtor's intercompany receivables in each of their books and records.

D. Savings and Retirement Benefits

32. Eligible Employees may participate in a Savings and Retirement Benefits Plan sponsored by the Debtor.[14] The Savings and Retirement Benefits Plan is administered by T. Rowe. The Debtor and the Parent have a committee comprised of three employees, as well as financial advisors, and administrators at T. Rowe, and the committee is responsible for reviewing investments and making investment-related decisions relating to the Savings and Retirement Benefits Plan. Under the Savings and Retirement Benefits Plan, an eligible Employee may contribute a portion of his or her eligible earnings each year. In addition, under the Savings and Retirement Benefits Plan, the Debtor will match the Employee's contribution at a matching rate of one hundred percent (100)%, up to a maximum of six percent (6%) of an Employee's contributions.

33. Historically, prior to the RIFs, the Debtor has spent approximately $105,000 per month on contributions to the Savings and Retirement Benefits Plan. Administrative fees relating to the Savings and Retirement Benefits Plan are drawn from the Employee's Savings and Retirement Benefits Plan account directly and such costs are not borne by the Debtor.

34. The Debtor believes that it is necessary to obtain specific authorization to pay any claims of T. Rowe on a postpetition basis, including prepetition claims to the extent necessary, to ensure uninterrupted delivery of certain benefits to the Workforce. The Debtor believes that T.

[14] Independent contractors for which the Debtor does not withhold income taxes and file Form W-2, partners, and union employees, among others, are not covered by the Savings and Retirement Benefits Plan.

Rowe may fail to adequately and timely perform or may terminate their services to the Debtor unless the Debtor pays T. Rowe's prepetition claims for administrative services rendered and expenses incurred. A need to engage a third party to replace T. Rowe postpetition likely would cause significant disruption to the payment of benefits and other obligations to the Workforce. Accordingly, the Debtor submits that the payment of claims owed to T. Rowe is in the best interest of its estate.

35. As of the Petition Date, the Debtor believes approximately $9,000 in accrued and unpaid amounts are due and owing on account of the Savings and Retirement Benefits Plan, all of which will come due during the Interim Period. By this Motion, the Debtor requests authority to remit all amounts that may be due and owing on account of the Savings and Retirement Benefits Plan in the ordinary course of business and to pay amounts owed in connection with the Savings and Retirement Benefits Plan as they become due and owing in the ordinary course of course of business.

E. Severance

36. The Debtor provides severance pay to all eligible full-time and part-time employees upon a reduction in force/downsizing, change in company direction, or job elimination (each, a "**Triggering Event**"), with part-time employees receiving severance on a pro-rated basis (collectively, the "**Severance Benefits**") in accordance with the Debtor's severance policy (the "**Severance Policy**"). The amount of the Severance Benefits granted to each employee is based on the employee's employment level with the Debtor.[15] The Debtor also pays employees with more than one (1) year of service one (1) week of base pay for every completed year of service,

[15] Employees below Level 9 will receive two (2) weeks' base pay. Employees between Levels 9 and 11 will receive four (4) weeks' base pay. Employees above Level 12 will receive six (6) weeks' base pay.

subject to a total maximum of twelve (12) weeks' of base pay. The Severance Benefits are paid as a lump sum payment within sixty (60) days of the effective date of the applicable separation agreement, subject to applicable laws and regulations. The Severance Benefits are typically provided in exchange for a release of liability for the Debtor (each, a "**Separation Agreement**" and collectively, the "**Separation Agreements**").

37. The Debtor believes it is important to honor its severance commitments to its current and former employees. The Debtor believes such commitments are invaluable to maintain and boost the morale of the Debtor's current Employees, which is particularly important given the Debtor's recent RIFs and plans to continue downsizing its Workforce.

38. The Debtor estimates that approximately $990,000 will be due and owing to non-insiders on account of the Severance Benefits, subject to execution of the Separation Agreements, which will be issued to all employees subject to the RIFs.

39. By this Motion, and subject to entry of the Final Order, the Debtor requests authority, in its sole discretion, to continue the Severance Policy in the ordinary course of business, including to provide any non-insider employee with Severance Benefits in the event such employee (i) was terminated prepetition (and is owed accrued Severance Benefits) or is terminated postpetition, and (ii) executes a Separation Agreement. However, for the avoidance of doubt, the Debtor does not seek by this Motion to make any payments to insiders under the Severance Policy.

VI. WORKERS' COMPENSATION

40. Under the laws of the various jurisdictions in which it operates, the Debtor is required to maintain workers' compensation policies and programs, or participate in workers' compensation programs administered by state governments, to provide its Employees with workers' compensation coverage for certain claims arising from or related to their employment with the Debtor. The Employees are covered under a workers' compensation policy issued and

administered by Chubb via Willis Towers Watson (such policy, the "**Workers' Compensation Policy**"). Annual premiums for the Workers' Compensation Policy are paid by the Parent directly to Willis Towers Watson. Thereafter, on an annual basis, the Parent allocates the portion of its costs related to the Workers' Compensation Policy attributable to the Debtor to account for the Debtor's pro rata portion over the last twelve (12) months, which was approximately $50,000 for the actual 12-month trailing cost allocated to the Debtor. Consistent with most of the Debtor's Employee Benefits Obligations, the allocation of the Debtor's pro rata share of the Workers' Compensation Policy is now provided for under the Services Agreement. Under the Workers' Compensation Policy, upon the filing of a verified claim ("**Workers' Compensation Claim**") by an eligible Employee, the insurer pays the Workers' Compensation Claim amount directly to the associated vendor.

41. It is critical that the Debtor be permitted to continue to maintain its Workers' Compensation Policy and to make payments in connection with outstanding prepetition claims, taxes, charges, assessments, and premiums, in the ordinary course of business, because alternative arrangements for workers' compensation coverage would most certainly be more costly, and because the failure to provide coverage may subject the Debtor and/or its officers to severe penalties. To facilitate the ordinary course handling of Workers' Compensation Claims, the Debtor further requests authority, in its discretion, to lift the automatic stay pursuant to section 362 of the Bankruptcy Code to allow Workers' Compensation Claims to proceed under the Workers' Compensation Policy and to allow the Debtor, its Parent and/or its affiliates, its insurance providers, and/or its third-party administrators to negotiate, settle, and/or litigate Workers' Compensation Claims, and pay resulting amounts, whether such claims arose before or after the Petition Date.

42. As of the Petition Date, because the Parent administers and/or makes payments on account of the Workers' Compensation Policy, the Debtor believes that there are no accrued and unpaid amounts owing on account of administrative costs for the Workers' Compensation Policy. Out of an abundance of caution, however, by this Motion, the Debtor requests the authority, but not direction, to continue to honor its obligations related to the Workers' Compensation Claims in the ordinary course and consistent with its prepetition practices, whether such obligations arose before or after the Petition Date.

VII. REIMBURSABLE EXPENSES OBLIGATIONS

43. In the ordinary course of business, the Debtor routinely reimburses its Employees for business related expenses including travel, lodging, ground transportation and rental cars, meals, hotel accommodations, mobile phones, Wi-Fi when travelling, relocation expenses, and others (collectively, the "**Reimbursable Expenses Obligations**").

44. Corporate credit cards are issued through JP Morgan Chase (the "**Corporate Credit Cards**") to certain eligible Employees primarily to pay for Reimbursable Expenses Obligations incurred on behalf of the Debtor in the ordinary course of business.[16] Alternatively, other Employees pay Reimbursable Expenses Obligations individually and seek reimbursement from the Debtor. Generally, an Employee requesting reimbursement for a Reimbursable Expenses Obligation must submit a request through the Debtor's reimbursement system provided by Concur. All claimed Reimbursable Expenses Obligations (whether charged to the Corporate Credit Cards or out-of-pocket) are subject to a review and approval process.

[16] The Debtor is separately seeking to continue to maintain the Corporate Credit Card program and to pay prepetition amounts owing related to the Corporate Credit Cards pursuant to the Cash Management Motion.

45. As of the Petition Date, the Debtor believes there are no accrued and unpaid amounts due and owing on account of out-of-pocket Reimbursable Expenses Obligations. However, out of an abundance of caution, by this Motion, the Debtor seeks authority to pay any amounts as they come due on account of the Reimbursable Expenses Obligations.

VIII. MISCELLANEOUS EMPLOYEE BENEFITS

A. Corporate Discounts

46. Eligible Employees have access to discounted home and automobile insurance rates and prices through Farmers Home & Auto ("**Farmers**"), and access to subsidized in-home and in-center backup care for last-minute caregivers (the "**Corporate Discounts**"). The Corporate Discounts are provided by the Parent.

B. Family Benefits

47. Eligible Employees have access to family planning benefits through Carrot, including reimbursement and resources for services that may not be covered under traditional fertility benefits under the Medical Plans (the "**Family Benefits**"). The Family Benefits are administered by the Parent, and 100% of eligible costs are reimbursed up to a $10,000 limit.

C. Pet Insurance Benefit

48. Eligible Employees have the opportunity to purchase pet insurance through Nationwide Pet Insurance (the "**Pet Insurance Benefit**"), which is administered by the Parent. Employees contribute through payroll Deductions to pay for the Pet Insurance Benefit.

D. Legal Advice Benefit

49. Eligible Employees have access to legal advice and representation for personal legal matters through MetLife Legal (the "**Legal Advice Benefit**"), which is administered by the Parent. Employees contribute through payroll Deductions to pay for the Legal Advice Benefit.

E. Identity Protection Benefit

50. Eligible Employees and their families have access to protection against threats to identity, devices, and privacy through Norton LifeLock ("**Norton**"), which is provided by the Parent (the "**Identity Protection Benefit**"). Employees contribute through payroll Deductions to pay for the Identity Protection Benefit.

F. Tuition Reimbursement

51. The Debtor reimburses eligible Employees for pre-approved, job-related and career-related courses, up to a maximum of $5,250 per year (the "**Tuition Obligations**" and, together with the Corporate Discounts, Family Benefits, Pet Insurance Benefit, Legal Advice Benefit, and Identity Protection Benefit, the "**Miscellaneous Benefits Obligations**). Only one employee, who was subject to the June RIF, had taken advantage of this benefit. However, despite the fact that the employee had not completed the course before the June RIF, the employee remains eligible for compensation upon completion of the courses.

52. There are no Tuition Obligations owing as of the Petition Date. However, the Debtor estimates that approximately $5,250 of Tuition Obligations will come due within the Interim Period. By this Motion, the Debtor requests authority to make all payments and remittances for amounts related to the Tuition Obligations, in the ordinary course of business and in its sole discretion. The Debtor also requests authority to continue to honor the Tuition Obligations postpetition in the ordinary course of business for its existing Workforce.

53. With the exception of the Tuition Obligations, the Debtor believes that, as of the Petition Date, because the Parent administers and/or provides the Corporate Discounts, Family Benefits, Pet Insurance Benefit, Legal Advice Benefit, and Identity Protection Benefit there are no accrued and unpaid amounts on account of Miscellaneous Benefits Obligations. Out of an abundance of caution, however, by this Motion, the Debtor seeks authority to make any and all payments and remittances for amounts attributable to the prepetition period and relating to the Miscellaneous Benefits Obligations in the ordinary course of business and in its sole discretion to the extent any such obligations of the Debtor may arise.

IX. PAYMENTS TO ADMINISTRATORS

54. With respect to the Workforce Programs described above, the Debtor and the Parent contract with several vendors, who administer and deliver payments or other benefits to the Workforce including ADP, Aetna, Delta Dental, EyeMed, CCA, HealthEquity, Prudential, Nationwide, Farmers, MetLife Legal, and Norton (each, an "**Administrator**" and, collectively, the "**Administrators**"). The Parent pays the Administrators certain fees ("**Administrator Fees and Expenses**") in return for their services.

55. The Administrators each provide different and essential services to the Debtor. For example, (i) Aetna provides and administers the Medical Plans; (ii) Delta Dental provides and administers the Dental Plans; (iii) EyeMed provides and administers the Vision Plan; and (iv) HealthEquity provides and administers the FSA and HSA.

56. Because the Administrator Fees and Expenses are borne by the Parent (and thus covered by the Services Agreement), the Debtor believes that there are no other accrued and unpaid amounts due and owing to any of the Administrators.

BASIS FOR RELIEF

I. HONORING ALL PREPETITION WORKFORCE OBLIGATIONS IS A SOUND EXERCISE OF BUSINESS JUDGMENT AND THEREFORE SHOULD BE APPROVED

57. The Debtor should be authorized to honor all prepetition Workforce Obligations on the terms set forth in the Orders, as it reflects a sound exercise of its business judgment. Section 363(b) of the Bankruptcy Code provides, in relevant part, that a debtor "may use, sell, or lease, other than in the ordinary course of business, property of the estate" after notice and a hearing. 11 U.S.C. § 363(b)(1). Generally, the debtor is only required to "show that a sound business purpose" justifies the proposed use of property. *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999); *see also In re Phx. Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987) (requiring "good business reason" for use under section 363(b) of the Bankruptcy Code). This standard prohibits other parties from second-guessing the debtor's business judgment if the debtor has shown that the proposed use will benefit the debtor's estate. *See In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) ("Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct."); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) ("Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean task.").

58. For the reasons discussed herein, paying the prepetition Workforce Obligations reflects a sound exercise of business judgment. If the Debtor does not pay the prepetition Workforce Obligations, its business and operations will suffer from further falling morale and likely losses of key members of the limited remaining Workforce, all at the most inopportune moment as the Debtor transitions into chapter 11 and works to maximize and preserve value for an eventual consummation of a sale and wind-down process. On the other hand, demonstrating

the Debtor's commitment to its Workforce will mitigate the impact of the RIFs and allow the Debtor to maintain the core group of staff necessary to continue to market the business and allow a potential buyer to continue operations in the future. Therefore, the Debtor submits that this Court should authorize the relief requested in this Motion.

II. HONORING ALL PREPETITION WORKFORCE OBLIGATIONS IS NECESSARY TO THE SUCCESS OF THE CHAPTER 11 CASE AND THEREFORE SHOULD BE APPROVED

59. In addition, the Debtor should be authorized to honor the prepetition Workforce Obligations as set forth in the Orders because doing so is necessary to the sale and wind-down process. Section 105(a) of the Bankruptcy Code provides that a bankruptcy court "may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions" of the Bankruptcy Code. 11 U.S.C. § 105(a). Courts have interpreted this provision to authorize payments on prepetition claims where the payments are essential to the success of the debtor's reorganization under what is known as the "necessity of payment doctrine." *See In re Lehigh & New Eng. Ry.*, 657 F.2d 570, 581 (3d Cir. 1981) ("Thus, the 'necessity of payment' doctrine . . . teaches no more than, if a payment of a claim which arose prior to reorganization is essential to the continued operation of the debtor's business during reorganization, payment may be authorized . . . ."); *see also In re Just for Feet, Inc.*, 242 B.R. 821, 824–25 (D. Del. 1999) (holding that section 105(a) "provides a statutory basis for payment of pre-petition claims" under necessity of payment doctrine); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) ("The appropriate standard . . . is commonly referred to as 'the necessity of payment doctrine.'").

60. Paying the prepetition Workforce Obligations is a necessary step for the Debtor to achieve a successful sale process. The Workforce is a fundamental pillar of the Debtor's operations, encompassing engineers, raw material procurement, manufacturing, quality control, and the finance and human resources personnel essential to supporting these functions. A loss of

any member of the limited remaining Workforce has the potential to significantly harm the Debtor's estate and reduce the likelihood of a successful sale and wind-down. Accordingly, the Debtor should be authorized to pay the prepetition Workforce Obligations under section 105(a) of the Bankruptcy Code and the necessity of payment doctrine.

III. PAYMENT OF THE PRIORITY PORTION OF THE PREPETITION WORKFORCE OBLIGATIONS WILL NOT PREJUDICE CREDITORS

61. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code require that certain claims for prepetition wages, salaries, commissions, vacation, severance, sick leave, sales commissions, and employee-benefit contributions be accorded priority in payment in an amount not to exceed $17,150 for each individual. *See* 11 U.S.C. §§ 507(a)(4), (5). In chapter 11 cases, priority claims must be paid in full. Accordingly, granting the relief requested with respect to the priority portion of the prepetition Workforce Obligations will not adversely affect the Debtor's other unsecured creditors.

62. The Debtor believes that certain individual Employees are owed prepetition amounts in excess of the priority cap, but does not believe that the three (3) temporary employees are owed prepetition amounts in excess of the priority cap. For the Employees that are owed aggregate amounts in excess of the priority cap, and to the extent that any of the three (3) temporary employees are owed aggregate amounts in excess of the priority cap (or amounts that are otherwise not entitled to priority status), the Debtor submits that payment of the prepetition Workforce Obligations in such higher amounts or otherwise non-priority amounts is nonetheless justified under the authority discussed above.

IV. CERTAIN PREPETITION WORKFORCE OBLIGATIONS ARE REQUIRED TO BE PAID BY LAW

63. The Debtor is subject to federal and state laws that require them to pay certain of the prepetition Workforce Obligations or risk suit or cancellation of its qualification to operate in

certain jurisdictions. Further, deductions on account of income tax withholdings obligations are derived from Employee funds and held in trust for the benefit of the related payees and, thus, do not constitute property of the Debtor's estate under section 541 of the Bankruptcy Code. *See Begier v. IRS*, 496 U.S. 53, 58–59 (1990); *see also In re Columbia Gas Sys., Inc.*, 997 F.2d 1039, 1059 (3d Cir. 1993) (concluding that property that debtor holds in trust—either express or constructive—does not become property of estate when debtor files for bankruptcy, and stating that "Congress clearly intended the exclusion by section 541(d) to include not only funds held in express trust, but also funds held in constructive trust"); *EBS Pension L.L.C. v. Edison Bros. Stores, Inc. (In re Edison Bros., Inc.)*, 243 B.R. 231, 235 (Bankr. D. Del. 2000) (same). Thus, the Debtor should be authorized to pay such deductions regardless of when those deductions accrued or were withheld.

V. CONTINUING TO MAKE SEVERANCE PAYMENTS TO EMPLOYEES IS REASONABLE AND REPRESENTS A SOUND EXERCISE OF THE DEBTORS' BUSINESS JUDGMENT

64. Moreover, the Debtor submits that its ability to continue to make severance payments and honor any severance obligations is authorized under sections 363(b) and 503(c) of the Bankruptcy Code. Importantly, because the Debtor does not propose to make any severance payments to any insiders, the pre-existing severance obligations are not subject to the heightened standards of sections 503(c)(1) and 503(c)(2) of the Bankruptcy Code. *See* 11 U.S.C. § 503(c)(1) and (2) (applying only to insiders).

65. Instead, pursuant to section 503(c)(3) of the Bankruptcy Code, continuing to honor severance obligations and make severance payments to non-insider employees only requires a showing that it is "justified by the facts and circumstances of" the Debtor's chapter 11 cases." *See* 11 U.S.C. § 503(c)(3). This standard, in turn, is essentially the same as the business judgment standard that is applied under section 363(b) of the Bankruptcy Code. *See In re Velo Holdings*

Inc., 472 B.R. 201, 212 (Bankr. S.D.N.Y. 2012) ("Courts have held that the 'facts and circumstances' language of section 503(c)(3) creates a standard no different than the business judgment standard under section 363(b)."); *In re Global Home Prods. LLC*, 369 B.R. 778, 783 (Bankr. D. Del. 2007) ("If [the proposed plans are] intended to incentivize management, the analysis utilizes the more liberal business judgment review under § 363.").

66. The Debtor submits that continuing to make severance payments to non-insiders is a sound exercise of business judgment and in the best interests of its estate. Importantly, honoring its severance commitments provides the Debtor's current Employees with assurances of payment that are invaluable to maintain and boost the morale of the current Employees. The remaining Employees are essential to the Debtor's ability to wind down its business and any further reduction in force would be detrimental to the Debtor. The Debtor therefore believes that it is necessary to continue the Severance Policy for non-insiders on a postpetition basis, especially in light of the damage to morale that would result if any severance obligations to non-insiders are not honored on a postpetition basis. Accordingly, the Debtor requests that the Court authorize the Debtor to continue the Severance Policy, only upon entry of the Separation Agreements and the Final Order, to non-insiders in the ordinary course of business, including payment of prepetition obligations related thereto, if any.

CAUSE EXISTS TO AUTHORIZE THE DEBTOR'S FINANCIAL INSTITUTIONS TO HONOR CHECKS AND ELECTRONIC FUND TRANSFERS

67. The Debtor further requests that the Court (i) authorize the Debtor's bank (the "**Bank**") to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the relief sought herein to the extent that the Debtor has sufficient funds on deposit in its accounts with the Bank, whether such checks were presented or electronic requests were submitted before or after the Petition Date, and (ii) authorize the Bank to rely on the

Debtor's designation of any particular check or electronic payment request as appropriate pursuant to this Motion without any duty of further inquiry and without liability for following the Debtor's instructions. The Debtor anticipates having sufficient funds to pay the amounts described herein. In addition, under the Debtor's existing cash management system, the Debtor can readily identify whether checks or wire transfer requests are payments authorized by the relief requested herein. Accordingly, the Debtor believes that checks or wire transfer requests, other than those relating to payments authorized by the relief requested herein, will not be honored inadvertently.

BANKRUPTCY RULE 6003 HAS BEEN SATISFIED AND BANKRUPTCY RULE 6004 SHOULD BE WAIVED

68. Certain isolated aspects of the relief requested herein may, if granted, be subject to Bankruptcy Rule 6003. Pursuant to Bankruptcy Rule 6003, a court may grant such relief if it is necessary to avoid immediate and irreparable harm. The Debtor submits that the facts set forth herein demonstrate that the relief requested is necessary to avoid immediate and irreparable harm because a loss of any member of the Debtor's Workforce has the potential to significantly harm the Debtor's estate and reduce the likelihood of a successful sale and wind-down. Therefore, Bankruptcy Rule 6003 has been satisfied.

69. To the extent that any aspect of the relief sought herein constitutes a use of property under section 363(b) of the Bankruptcy Code, the Debtor requests a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay under Bankruptcy Rule 6004(h). As described herein, the relief that the Debtor requests in this Motion is immediately necessary in order for the Debtor to be able to continue to operate its business and preserve the value of its estate. The Debtor respectfully requests that this Court waive the notice requirements imposed by Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

RESERVATION OF RIGHTS

70. Nothing contained herein is or should be deemed or construed as: (i) an admission as to the validity of any claim against the Debtor or the existence of any lien against the Debtor's properties; (ii) a waiver of the Debtor's rights to dispute any claim or lien on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim would constitute an allowed claim; (v) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; or (vi) a limitation on the Debtor's rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to the proposed Interim Order and Final Order (once entered). Nothing contained in the Interim Order or the Final Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

NOTICE

71. Notice of this Motion will be given to: (i) the Office of the United States Trustee for the District of Delaware; (ii) the United States Attorney's Office for the District of Delaware; (iii) the United States Department of Justice; (iv) the Internal Revenue Service; (v) the creditors listed on the Debtor's list of top twenty (20) creditors holding the largest unsecured claims; (vi) counsel to the DIP Lender; (vii) the Bank; and (viii) any party that is entitled to notice pursuant to Local Rule 9013-1(m). The Debtor believes that no further notice is required.

72. A copy of this Motion is available via (i) PACER, which is accessible through the Court's website at: http://www.deb.uscourts.gov, and (ii) the website maintained by the Debtor's proposed claims and noticing agent, Epiq Corporate Restructuring, at https://dm.epiq11.com/AGS.

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WHEREFORE, the Debtor respectfully requests that this Court enter the proposed Interim Order and, following a noticed hearing on the relief sought, the Final Order, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, and grant the relief requested in this Motion and such other and further relief as may be just and proper.

Dated: July 9, 2025
Wilmington, Delaware

Respectfully Submitted,

/s/ Michael J. Merchant

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Proposed Counsel for Debtor and Debtor in Possession

EXHIBIT A

Proposed Interim Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
ALACHUA GOVERNMENT SERVICES, INC.,	)	Case No. 25-11289 (JKS)
Debtor.[1]	)	

INTERIM ORDER (I) AUTHORIZING (A) PAYMENT OF CERTAIN PREPETITION WORKFORCE OBLIGATIONS, (B) CONTINUANCE OF WORKFORCE PROGRAMS, AND (C) PAYMENT OF WITHHOLDING AND PAYROLL-RELATED TAXES, AND (II) GRANTING RELATED RELIEF

Upon the motion (the "**Motion**")[2] of the Debtor for entry of an Interim Order and a Final Order (i) authorizing (a) payment of certain prepetition workforce obligations, (b) continuance of workforce programs, and (c) payment of withholding and payroll-related taxes, and (ii) granting related relief; and this Court having reviewed the Motion and the First Day Declaration; and this Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given

[1] The Debtor in this chapter 11 case, along with the last four digits of its federal tax identification number is: Alachua Government Services, Inc. (5370). The Debtor's mailing address is 13200 NW Nano Court Alachua, Florida 32615.

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

and that no other or further notice is necessary, except as set forth in the Motion with respect to entry of this Interim Order and notice of the Final Hearing (as defined below); and upon the record herein; and after due deliberation thereon; and this Court having determined that there is good and sufficient cause for the relief granted in this Interim Order, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED on an interim basis, as set forth herein.

2. All objections to entry of this Interim Order, to the extent not withdrawn or settled, are overruled.

3. The Debtor is authorized, but not directed, in its sole discretion, to pay or otherwise honor all prepetition Workforce Obligations on an interim basis; *provided* that the aggregate amount of payments shall not exceed $106,250 without further order of the Court *provided, however,* that the Debtor shall not make any payments in connection with the Severance Benefits, the Historical Bonus Program, or to "cash out" any paid time off pending entry of the Final Order, unless otherwise required by applicable law.

4. The Debtor is authorized to (i) continue each of the Workforce Programs, in the ordinary course of business during the Chapter 11 Case in the manner and to the extent that such Workforce Programs were in effect, as described in the Motion, immediately before the filing of the Chapter 11 Case, and (ii) continue to fund and to make payments in connection with the costs of and the expenses incurred in the administration of any Workforce Program in the ordinary course of business.

5. The Debtor is authorized but not directed to pay any and all local, state, and federal withholding and payroll-related or similar taxes related to its prepetition Workforce Obligations and to withhold and pay amounts that are attributable to the Deductions, including, but not limited

to, all withholding taxes, social security taxes, and Medicare taxes, whether such taxes relate to the period before or after the Petition Date.

6. Notwithstanding any other provision of this Interim Order and subject to entry of the Final Order, no payments to or on behalf of any individual employee or temporary employee on account of pre-petition obligations shall exceed the amounts set forth in 11 U.S.C. §§ 507(a)(4) and 507(a)(5), and no bonus or retention payments will be made to any insider Employees.

7. Nothing herein shall be deemed to authorize the payment of any amounts that violate or implicate section 503(c) of the Bankruptcy Code; *provided,* that nothing herein shall prejudice the Debtor's ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code under a separate motion at a later time.

8. Any authorization under this Interim Order to pay, and the payment of, any amounts on account of the Workforce Obligations shall not affect the Debtor's right to contest the amount or validity of any Workforce Obligation, including without limitation, any amounts that may be due to any taxing authority.

9. Notwithstanding anything to the contrary in this Interim Order, the Debtor retains its right to modify or terminate any Workforce Program to the extent that such right exists under the terms of the Workforce Program or as may be required by applicable law.

10. The Debtor's banks and financial institutions shall be, and hereby are, authorized, when requested by the Debtor in its sole discretion, to receive, process, honor, pay, and, if necessary, reissue any and all checks, including prepetition checks that the Debtor reissues postpetition, and electronic fund transfers drawn on the Debtor's bank accounts relating to those Workforce Obligations whose payment is approved by this Interim Order, whether such checks

were presented or fund transfer requests were submitted prior to or subsequent to the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments.

11. The Debtor's banks and financial institutions may rely on the representations of the Debtor with respect to whether any check or other transfer drawn or issued by the Debtor prior to the Petition Date should be honored pursuant to this Interim Order, and any such bank or financial institution shall not have any liability to any party for relying on such representations by the Debtor as provided for in this Interim Order.

12. The Debtor is hereby authorized, but not directed, to issue postpetition checks or to effect postpetition fund transfer requests in replacement of any checks or fund transfer requests with respect to the Workforce Obligations authorized to be paid pursuant to this Interim Order that have been dishonored or denied as a consequence of the commencement of the Chapter 11 Case, and to reimburse any expenses that holders of claims in connection with the Workforce Obligations the Debtor may incur as a result of any bank's failure to honor a prepetition check.

13. Nothing contained in the Motion or this Interim Order shall be construed to (i) create, alter, or perfect, in favor of any person or entity, any interest in cash of the Debtor that did not exist as of the Petition Date, or (ii) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

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

15. The requirements of Bankruptcy Rule 6003(b) are satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm.

16. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Interim Order shall be effective and enforceable immediately upon entry hereof.

17. The Debtor is hereby authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by this Interim Order.

18. The final hearing (the "**Final Hearing**") on the Motion shall be held on [●], 2025, at [__:__ _.m], prevailing Eastern Time. On or before [__:__ _.m.], prevailing Eastern Time, on [●], 2025, any objections or responses to entry of a final order on the Motion shall be filed with this Court, and served on: (i) the Debtor, Alachua Government Services, Inc., 200 State Street, 9th Floor, Boston, MA 02109 Attn: Harrison West (email: ags@fticonsulting.com); (ii) proposed counsel to the Debtor: Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Mark D. Collins (collins@rlf.com), Michael J. Merchant (merchant@rlf.com), and Amanda R. Steele (steele@rlf.com)); (iii) counsel to the DIP Lender, (i) Norton Rose Fulbright US LLP, 1301 Avenue of the Americas, New York, New York 10019, Attn: Robert M. Hirsh (robert.hirsh@nortonrosefulbright.com), James A. Copeland (james.copeland@nortonrosefulbright.com), and Francisco Vazquez (francisco.vazquez@nortonrosefulbright.com) and (ii) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street Wilmington, Delaware 19801, Attn: Matthew Lunn, Esq. (mlunn@ycst.com) and Robert Poppiti (rpoppiti@ycst.com); and (iv) the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, DE 19801, Attn: Timothy J. Fox (Timothy.Fox@usdoj.gov) and Jon Lipshie (Jon.Lipshie@usdoj.gov). In the event no objections to entry of the Final Order on the Motion are timely received, this Court may enter such Final Order without need for the Final Hearing.

19. Nothing in the Motion or this Interim Order, or the Debtor's payment of any claims pursuant to this Interim Order, shall be deemed or construed as: (i) an admission as to the validity of any claim against the Debtor or the existence of any lien against the Debtor's properties; (ii) a

waiver of the Debtor's rights to dispute any claim or lien on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim would constitute an allowed claim; (v) an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; or (vi) a limitation on the Debtor's rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to this Interim Order. Nothing contained in this Interim Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

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

EXHIBIT B

Proposed Final Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
ALACHUA GOVERNMENT SERVICES, INC.,	)	Case No. 25-11289 (JKS)
Debtor.[1]	)	

FINAL ORDER (I) AUTHORIZING (A) PAYMENT OF CERTAIN PREPETITION WORKFORCE OBLIGATIONS, (B) CONTINUANCE OF WORKFORCE PROGRAMS, AND (C) PAYMENT OF WITHHOLDING AND PAYROLL-RELATED TAXES, AND (II) GRANTING RELATED RELIEF

Upon the motion (the "**Motion**")[2] of the Debtor for entry of an Interim Order and a Final Order (i) authorizing (a) payment of certain prepetition workforce obligations, (b) continuance of workforce programs, and (c) payment of withholding and payroll-related taxes, and (ii) granting related relief; and this Court having reviewed the Motion, and the First Day Declaration, and the Interim Order entered on [●], 2025; and this Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that

[1] The Debtor in this chapter 11 case, along with the last four digits of its federal tax identification number is: Alachua Government Services, Inc. (5370). The Debtor's mailing address is 13200 NW Nano Court Alachua, Florida 32615.

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

proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and this Court having determined that there is good and sufficient cause for the relief granted in this Final Order, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED on a final basis, as set forth herein.

2. All objections to entry of this Final Order, to the extent not withdrawn or settled, are overruled.

3. The Debtor is authorized but not directed, in its sole discretion, to pay or otherwise honor all prepetition Workforce Obligations, on a final basis.

4. The Debtor is authorized to (i) continue each of the Workforce Programs, in the ordinary course of business during the pendency of the Chapter 11 Case, in the manner and to the extent that such Workforce Programs were in effect, as described in the Motion, immediately before the filing of the Chapter 11 Case, and (ii) continue to fund and to make payments in connection with the costs of and the expenses incurred in the administration of any Workforce Program in the ordinary course of business.

5. The Debtor is authorized to pay any and all local, state, and federal withholding and payroll-related or similar taxes related to the Workforce Obligations and to withhold and pay amounts that are attributable to the Deductions, including, but not limited to, all withholding taxes, social security taxes, and Medicare taxes, whether such taxes relate to the period before or after the Petition Date.

6. The Debtor is authorized but not directed, pursuant to sections 363 and 503(c) of the Bankruptcy Code to continue the Severance Benefits on a postpetition basis in the ordinary

course of business, and in each case to pay any accrued amounts thereunder as they become due, including any amounts that may exceed the priority cap set forth in section 507(a)(4) and 507(a)(5) of the Bankruptcy Code. Nothing in this Final Order shall be deemed to authorize the payment of any amounts in satisfaction of retention bonus or severance obligations that are prohibited by section 503(c) of the Bankruptcy Code.

7. Any authorization under this Final Order to pay, and the payment of, any amounts on account of the Workforce Obligations shall not affect the Debtor's right to contest the amount or validity of any Workforce Obligation, including without limitation, any amounts that may be due to any taxing authority.

8. Notwithstanding anything to the contrary in this Final Order, the Debtor retains its right to modify or terminate any Workforce Program to the extent that such right exists under the terms of the Workforce Program or as may be required by applicable law; *provided*, that the Debtor shall seek court approval, upon a motion on notice, of any modification that would implicate any portion of section 503(c) of the Bankruptcy Code.

9. The Debtor's banks and financial institutions shall be, and hereby are, authorized, when requested by the Debtor in its sole discretion, to receive, process, honor, pay, and, if necessary, reissue any and all checks, including prepetition checks that the Debtor reissues postpetition, and electronic fund transfers drawn on the Debtor's bank accounts relating to the Workforce Obligations whose payment is approved by this Final Order, whether such checks were presented or fund transfer requests were submitted prior to or subsequent to the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments.

10. The Debtor's banks and financial institutions may rely on the representations of the Debtor with respect to whether any check or other transfer drawn or issued by the Debtor prior to

the Petition Date should be honored pursuant to this Final Order, and any such bank or financial institution shall not have any liability to any party for relying on such representations by the Debtor as provided for in this Final Order.

11. The Debtor is hereby authorized, but not directed, to issue postpetition checks or to effect postpetition fund transfer requests in replacement of any checks or fund transfer requests with respect to the Workforce Obligations authorized to be paid pursuant to this Final Order that have been dishonored or denied as a consequence of the commencement of the Chapter 11 Case, and to reimburse any expenses that holders of claims in connection with the Workforce Obligations the Debtor may incur as a result of any bank's failure to honor a prepetition check.

12. Nothing contained in the Motion, the Interim Order, or this Final Order shall be construed to (i) create, alter, or perfect, in favor of any person or entity, any interest in cash of the Debtor that did not exist as of the Petition Date, or (ii) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

13. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Final Order shall be effective and enforceable immediately upon entry hereof.

14. The Debtor is hereby authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by this Final Order.

15. Nothing in the Motion, the Interim Order, or this Final Order, or the Debtor's payment of any claims pursuant to this Final Order, shall be deemed or construed as: (i) an admission as to the validity of any claim against the Debtor or the existence of any lien against the Debtor's properties; (ii) a waiver of the Debtor's rights to dispute any claim or lien on any grounds; (iii) a promise to pay any claim; (iv) an implication or admission that any particular claim would constitute an allowed claim; (v) an assumption or rejection of any executory contract or unexpired

lease pursuant to section 365 of the Bankruptcy Code; or (vi) a limitation on the Debtor's rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with any party subject to this Final Order. Nothing contained in this Final Order shall be deemed to increase, decrease, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

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