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

In re: CAMP MYSTIC, LLC,[1] Debtors.	Chapter 11 Case No. 26-90621 (CML) (Jointly Administered)

DEBTORS' MOTION FOR ENTRY
OF AN ORDER (I) AUTHORIZING THE PAYMENT OF
CERTAIN TAXES AND FEES AND (II) GRANTING RELATED RELIEF

If you object to the relief requested, you must respond in writing. Unless otherwise directed by the Court, you must file your response electronically at https://ecf.txsb.uscourts.gov/ within twenty-one days from the date this motion was filed. If you do not have electronic filing privileges, you must file a written objection that is actually received by the clerk within twenty-one days from the date this motion was filed. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

Camp Mystic, LLC, and its debtor affiliates, as debtors and debtors in possession in the above captioned chapter 11 cases (collectively, the (the "**Debtors**"), by and through their proposed counsel, file this motion (this "**Motion**") for entry of an order, substantially in the form attached hereto (the "**Proposed Order**"), pursuant to sections 105(a), 363(b), 507(a)(8), and 541 of title 11 of the United States Code (the "**Bankruptcy Code**") and rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), (i) authorizing the Debtors to pay, in their sole discretion, any income, sales, real property, and other similar taxes subsequently determined to be owed, including any obligations arising on account of an Audit or Assessment (each as defined herein), without regard to whether such obligations accrued or arose before, on, or after

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Camp Mystic, LLC (4064), Natural Fountains Properties, Inc. (1414), Mystic Camps Family Partnership, Ltd. (9861), and Mystic Camps Management, LLC (9688). The location of the Debtors' service address for purposes of these chapter 11 cases is: 2689 Highway 39, Hunt, TX 78024.

the Petition Date (as defined below) that will become due during the pendency of these chapter 11 cases (the "**Chapter 11 Cases**") to the applicable federal, state, and local taxing, regulatory, and other governmental or quasi-governmental authorities (each an "**Authority**" and collectively, the "**Taxing Authorities**") in the ordinary course of business, without prejudice to the Debtors' rights to contest the amounts and/or priority of any Taxes and Fees (as defined below) on any grounds it deems appropriate, and (ii) granting certain related relief.[2] In support of this Motion, the Debtors rely upon, and incorporate by reference, the *Declaration of Karen Nicolaou, Debtors' Proposed Chief Restructuring Officer, in Support of the Debtors' Motion for Entry of an Order (I) Authorizing the Payment of Certain Taxes and Fees and (II) Granting Related Relief*.

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Southern District of Texas (the "**Court**") has jurisdiction over the Debtors, their estates, and these Chapter 11 Cases pursuant to 28 U.S.C. § 1334 and the *Order of Reference to Bankruptcy Judges* from the United States District Court for the Southern District of Texas, entered May 24, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b).

2. Venue is proper before this Court pursuant to 28 U.S.C. § 1408.

3. The Debtors confirm their consent to the entry of a final order by the Court pursuant to Bankruptcy Rule 7008.

4. The statutory bases for the relief requested herein are sections 105(a), 363(b), 507(a)(8), and 541 of Bankruptcy Code, Bankruptcy Rules 6003 and 6004, rules 1075-1 and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the "**Local Rules**"), and

[2] The Debtors sought authorization to pay certain taxes related to prepetition employee wages and benefits pursuant to the *Emergency Motion for Order Authorizing the Debtor to Pay Prepetition Wages, Employment Taxes, Other Employee-Benefit Obligations, and Granting Related Relief* [ECF No. 14] (the "**Wage Motion**").

section B of the *Procedures for Complex Cases in the Southern District of Texas* (the "**Complex Rules**").

BACKGROUND

A. The Chapter 11 Cases

5. Originally built in 1926, the Debtors own and operate a private Christian summer camp for girls named Camp Mystic in the hill country of west-central Texas.

6. On June 24, 2026 (the "**Petition Date**"), the Debtors commenced voluntary cases under the Bankruptcy Code.

7. The Debtors are operating their business and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. During these Chapter 11 Cases, the Debtors are maintaining limited operations to maintain their property, including the buildings and grounds, conduct necessary administration of the business, and address incoming inquiries from the public.

8. No trustee, examiner, or statutory committee of creditors has been appointed in these Chapter 11 Cases.

9. Additional information regarding the Debtors and these Chapter 11 Cases, including the Debtors' business operations, capital structure, and the reasons for and objectives of these Chapter 11 Cases, is set forth in the *Declaration of Karen Nicolau, Debtors Proposed Chief Restructuring Officer, In Support of Chapter 11 Petitions and Second Day Motions*, filed contemporaneously herewith and incorporated herein by reference.

THE DEBTORS' TAX OBLIGATIONS

10. In the ordinary course of business, the Debtors collect, withhold, and incur taxes and fees, including, among others: (i) Income Taxes, (ii) Sales and Use Taxes; (iii) Property Taxes;

(iv) Franchise Taxes; (v) State and Local Taxes; and (vi) Assessments and other fees as a result of Audits (each as defined below and collectively, the "**Taxes and Fees**"). The Debtors pay or remit, as applicable, the Taxes and Fees to various governmental units (as that term is defined in section 101(27) of the Bankruptcy Code), including the Internal Revenue Service (the "**IRS**"), and other Taxing Authorities, identified in **Exhibit 1** to the Proposed Order.[3] The Debtors generally, but not exclusively, pay and remit Taxes and Fees through checks and electronic transfers that are processed through their banks and other financial institutions or service providers.

11. The Debtors pay the Taxes and Fees to the Taxing Authorities on a periodic basis, remitting them monthly, quarterly, semi-annually, or annually, depending on the nature and incurrence of a particular Tax or Fee. The Debtors seek authority to pay and remit all prepetition and postpetition obligations as they become due on account of the Taxes and Fees and Assessments (including any such obligations subsequently identified upon completion of an Audit or voluntary disclosure or otherwise determined to be owed), including: (i) Taxes and Fees that accrue or are incurred postpetition; (ii) Taxes and Fees that have accrued or were incurred prepetition but were not paid prepetition, or were paid in an amount less than actually owed; (iii) where payments of Taxes and Fees made prepetition by the Debtors were lost or otherwise not received in full by any of the Taxing Authorities; and (iv) Taxes and Fees incurred for prepetition periods that become due and payable after the commencement of these Chapter 11 Cases, including as a result of Audits or voluntary disclosures, if any. In addition, for the avoidance of doubt, the Debtors seek authority to pay the Taxes and Fees for so-called "straddle" periods (*i.e.*, periods that include the Petition

[3] Although **Exhibit 1** is intended to be comprehensive, the Debtors may have inadvertently omitted Taxing Authorities from such exhibit. The Debtors request relief with respect to Taxes and Fees payable to all Taxing Authorities, regardless of whether such Authority is specifically identified in **Exhibit 1**, and any such omitted Authority is hereby included in the defined term "**Taxing Authorities**" as used herein and in the Order. For the avoidance of doubt, the Debtors' inclusion of an Authority in **Exhibit 1** is not an admission that any Taxes and Fees are due or will become due during the Chapter 11 Cases to such Authority.

Date).[4]

12. The Debtors reasonably estimate that approximately $61,107.00 in Taxes and Fees are outstanding as of the Petition Date, as outlined below.[5] These amounts will become due and owing to the Taxing Authorities in the ordinary course of business after the Petition Date.

Category	Description	Approximate Amount Accrued and Unpaid as of Petition Date
Income and Related Taxes	The Debtors incur income taxes (collectively, the "**Income Taxes**") in the ordinary course of business based on the jurisdictions in which the Debtors do business	$0[6]
Property Taxes	The Debtors incur taxes related to certain real and personal property holdings (collectively, the "**Property Taxes**"), payable as such taxes come due in the ordinary course of business.	$60,448.00
Sales and Use Taxes	The Debtors collect and remit sales taxes, use taxes, and related taxes and fees (collectively, the "**Sales and Use Taxes**") to certain Taxing Authorities in connection with the sale of goods or services. Sales and Use Taxes are general consumption taxes charged at either the point of purchase or sale for goods and services, which are usually set by the relevant Taxing Authority as a percentage of the retail price of the good or service purchased. Generally, the Debtors hold the Sales and Use Taxes and remit or pay such taxes monthly, quarterly, biannually, or annually.	$0[7]

[4] The Debtors reserve their rights with respect to the proper characterization of any "straddle" Taxes and Fees and to seek any appropriate remedy including reimbursement of or reallocation of claims related to any portion of any payment made that ultimately is not entitled to administrative or priority treatment.

[5] The Debtors cannot predict the amounts of any potential Assessments that may result from Audits, if any. Accordingly, the Debtors' estimate of outstanding Taxes and Fees as of the Petition Date does not include any amounts relating to potential Assessments.

[6] The Debtors do not believe that any such fees are outstanding but, out of an abundance of caution, seek to pay such fees if due in the ordinary course of business.

[7] The Debtors do not believe that any such fees are outstanding but, out of an abundance of caution, seek to pay such fees if due in the ordinary course of business.

State and Local Taxes	The Debtors are subject to additional taxes and fees in the state and county in which they operate including, but not limited to, state unemployment tax ("**State and Local Taxes**").	$659[8]
Franchise Taxes	The Debtors make payments to certain Taxing Authorities that collect franchise taxes and *de minimis* registration and other filing fees (collectively, the "**Franchise Taxes**") from the Debtors for the right to exist as domestic corporations and for the actual conduct of carrying on of business in the state. The Franchise Taxes are generally measured by net income, gross receipts, capital stock, or some other measure of value and are payable either annually or quarterly.	$0[9]
	Total:	$61,107.00

13. Additionally, the Debtors may become subject to audit investigations on account of tax returns and/or tax obligations in respect to prior years ("**Audits**") during the Chapter 11 Cases, including as a result of any voluntary disclosures or similar procedural mechanisms. Audits may result in additional prepetition Taxes and Fees being assessed against the Debtors (such additional Taxes and Fees, "**Assessments**").[10] Accordingly, the Debtors seek authority to pay or remit tax obligations on account of any Assessments as they arise in the ordinary course of the Debtors' business, including those arising from the resolution of issues addressed in an Audit and those involving Taxes and Fees otherwise addressed in the Wage Motion.

14. Other than as set forth herein, the Debtors' books and records reflect that they are substantially current with the Taxes and Fees that were due and payable prior to the Petition Date.

[8] This amount represents the estimated state unemployment tax for the April and May payroll.

[9] The Debtors do not believe that any such fees are outstanding but, out of an abundance of caution, seek to pay such fees if due in the ordinary course of business.

[10] Nothing in this Motion, or any related order, constitutes or should be construed as an admission of liability by the Debtors with respect to any Audit or Assessment. The Debtors expressly reserve all rights with respect to any Audit and the right to contest any Assessments claimed to be due as a result of any Audit.

However, to the extent that any additional prepetition amounts remain outstanding, the Debtors seek authority to pay them in the ordinary course. The Taxing Authorities will continue to invoice the Debtors for Taxes and Fees relating to periods before the Petition Date. Accordingly, the Debtors seek authority to pay the Taxes and Fees (including any Assessments) as they become due.

15. The Debtors also seek authority to continue paying all Taxes and Fees on a postpetition basis in the ordinary course, whether arising before or after the Petition Date, throughout the duration of the Chapter 11 Cases. The continued payment of the prepetition Taxes and Fees on their normal due dates will ultimately preserve the resources of the Debtors' estates. If such obligations are not timely paid, the Debtors' operations may be suspended or the Debtors may incur additional fees, and the Debtors will be required to expend time and money to resolve these issues.

BASIS FOR RELIEF

16. The Debtors believe that any failure to pay the Taxes and Fees could materially disrupt the Debtors' operations in several ways, including but not limited to: (i) the Taxing Authorities may initiate Audits, which would unnecessarily divert the Debtors' attention from the chapter 11 process; (ii) the Taxing Authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay, and pursue other remedies that will harm the estates; and (iii) in certain instances, certain of the Debtors' management could be subject to claims of personal liability, which would likely distract those key employees from the administration of the Chapter 11 Cases. In addition, the Debtors collect and hold certain outstanding tax liabilities in trust for the benefit of the applicable Taxing Authorities, and these funds may not constitute property of the Debtors' estates; as such, there is a strong legal basis for allowing the Debtors to

remit these funds to the applicable Taxing Authorities on a postpetition basis. Moreover, unpaid Taxes and Fees may result in penalties, the accrual of interest, or both, and nonpayment of the Taxes and Fees may also give rise to priority claims entitled to payment before general unsecured claims.

B. Certain Taxes and Fees May Not Be Property of the Debtors' Estates.

17. Section 541(d) of the Bankruptcy Code provides, in relevant part, that "[p]roperty in which the debtor holds, as of the commencement of the case, only legal title and not an equitable interest . . . becomes property of the estate under subsection (a)(1) or (2) of this section only to the extent of the debtors' legal title to such property, but not to the extent of any equitable interest in such property that the debtor does not hold." 11 U.S.C. § 541(d). Certain Taxes and Fees are collected or withheld by the Debtors on behalf of the applicable Taxing Authorities and are held in trust by the Debtors. *See, e.g.*, 26 U.S.C. § 7501(a) (stating that certain taxes and fees are held in trust); *Begier v. Internal Revenue Serv.*, 496 U.S. 53, 57–60 (1990) (holding that certain taxes are property held by the debtor in trust for another and, as such, do not constitute property of the estate). These Taxes and Fees are therefore not property of the Debtors' estates under section 541 of the Bankruptcy Code. *See, e.g.*, 11 U.S.C. § 541(d); *Begier*, 496 U.S. at 56–57 (holding that any prepetition payment of trust fund taxes is not an avoidable preference because the funds are not the debtor's property); *Equalnet Commc'ns*, 258 B.R. 368, 370 (Bankr. S.D. Tex. 2000) ("[C]ertain prepetition tax claims, such as sales taxes, could be trust fund claims."); *In re Shank*, 792 F.2d 829, 833 (9th Cir. 1986) (holding that a sales tax required by state law to be collected by seller from their customers is a "trust fund" tax and not released by bankruptcy discharge.). For example, all U.S. federal internal revenue tax withheld is considered to be held in a special fund in trust for the United States. *See Begier*, 496 U.S. at 60. Because the Debtors generally do not have an equitable interest in such funds, they should be permitted to pay those "trust fund" taxes to the

applicable Taxing Authorities as they come due.[11]

C. Certain Taxes and Fees May Be Secured or Priority Claims Entitled to Priority Treatment Under the Bankruptcy Code.

18. Claims for certain Taxes and Fees are or may be priority claims entitled to payment before general unsecured claims. *See* 11 U.S.C. § 507(a)(8) (describing taxes entitled to priority treatment). To the extent that such amounts are entitled to priority treatment under the Bankruptcy Code, the respective Taxing Authorities may attempt to assess fees, interest, and penalties if such amounts are not paid. *See id.* § 507(a)(8)(G) (granting priority status to "a penalty related to a claim of a kind specified in this paragraph and in compensation for actual pecuniary loss"). Claims entitled to priority status pursuant to section 507(a)(8) of the Bankruptcy Code must be paid in full under a confirmable plan pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. Therefore, payment of certain of the Taxes and Fees at this time only affects the timing of the payment for the amounts at issue and will not unduly prejudice the rights and recoveries of junior creditors. *See Equalnet Commc'ns*, 258 B.R. at 370 ("[C]ertain types of claims enjoy a priority status in addition to being sometimes critical to the ongoing nature of the business. For instance . . . certain tax claims are both priority claims in whole or in part. The need to pay these claims in an ordinary course of business time frame is simple common sense."). Payment of such Taxes and Fees will likely give Taxing Authorities no more than that to which they otherwise would be entitled under a chapter 11 plan and will save the Debtors the potential interest expense, legal expense, and penalties that might otherwise accrue on the Taxes and Fees during the Chapter 11 Cases.

D. Payment of Taxes and Fees Is a Sound Exercise of the Debtors' Business Judgment.

19. Courts in the Fifth Circuit and elsewhere have recognized that it is appropriate to

[11] For the avoidance of doubt, the Debtors request authority to pay the Taxes and Fees as provided regardless of whether or not such Taxes and Fees constitute trust fund obligations.

authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business' going-concern value. *See In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); *Equalnet Commc'ns*, 258 B.R. at 369–370; *see also In re Just for Feet, Inc.*, 242 B.R. 821, 825–26 (D. Del. 1999); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175–76 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept… "). In so doing, these courts acknowledge that several legal theories rooted in sections 105(a), 363(b), and 1107(a) of the Bankruptcy Code support the payment of prepetition claims.

20. Section 363(b) of the Bankruptcy Code permits a bankruptcy court, after notice and a hearing, to authorize a debtor to "use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). "In determining whether to authorize the use, sale or lease of property of the estate under this section, courts require the debtor to show that a sound business purpose justifies such actions." *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (collecting cases); *see also In re James A. Phillips, Inc.*, 29 B.R. 391, 397 (S.D.N.Y. 1983) (relying on section 363 of the Bankruptcy Code to allow a contractor to pay prepetition claims of suppliers who were potential lien claimants because such payments were necessary for the general contractors to release funds owed to debtors). In addition, under section 1107(a) of the Bankruptcy Code, a debtor in possession has, among other things, the "implied duty of the debtor in possession to 'protect and preserve the estate, including an operating business' going-concern value." *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *CoServ*, 273 B.R. at 497).

21. Courts also authorize payment of prepetition claims in appropriate circumstances

based on section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code codifies a bankruptcy court's inherent equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Under section 105(a) of the Bankruptcy Code, courts may "authorize the payment of pre-petition claims when such payment is deemed necessary to the survival of a debtor in a chapter 11 reorganization." *See Just for Feet*, 242 B.R. at 824. Specifically, a court may use its power under section 105(a) of the Bankruptcy Code to authorize payment of prepetition obligations pursuant to the "necessity of payment" rule (also referred to as the "doctrine of necessity"). *See, e.g.*, *Ionosphere Clubs*, 98 B.R. 174, 175–76 (Bankr. S.D.N.Y. 1989); *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (stating that courts may authorize payment of prepetition claims when there "is the possibility that the creditor will employ an immediate economic sanction, failing such payment"). A bankruptcy court's use of its equitable powers to "authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept." *Ionosphere Clubs*, 98 B.R. at 175 (citing *Miltenberger v. Logansport, C. & S.W.R. Co.*, 106 U.S. 286 (1882)). The Bankruptcy Code authorizes the postpetition payment of prepetition claims when the payments are critical to preserving the going-concern value of the debtor's estate, as is the case here. *See, e.g.*, *CoServ*, 273 B.R. at 497 ("[I]t is only logical that the bankruptcy court be able to use [s]ection 105(a) of the [Bankruptcy] Code to authorize satisfaction of the prepetition claim in aid of preservation or enhancement of the estate."). Indeed, at least one court has recognized that there are instances when a debtor's fiduciary duty can "only be fulfilled by the preplan satisfaction of a prepetition claim." *Id.*

22. The Debtors' ability to timely pay the Taxes and Fees is critical to their continued viability. If certain Taxes and Fees remain unpaid, the Taxing Authorities may seek to recover

such amounts directly from the Debtors' directors, members, officers, managers, or employees, thereby distracting such key personnel from the administration of the Chapter 11 Cases. *See, e.g.*, *In re Tex. Pig Stands, Inc.*, 610 F.3d 937, 941 (5th Cir. 2010); *see also Schmehl v. Helton*, 662 S.E.2d 697, 707 (W. Va. 2008) (noting that corporate officers may be held responsible for payment of certain corporate taxes); *In re Am. Motor Club, Inc.*, 139 B.R. 578, 581–83 (Bankr. E.D.N.Y. 1992) (citing *United States v. Energy Res. Co.*, 495 U.S. 545 (1990)) (stating "[i]f the employer fails to pay over the trust fund taxes, the IRS may collect an equivalent amount directly from officers or employees of the employer who are responsible for collecting the tax" and finding director personally liable for unpaid taxes). Any collection action on account of such amounts, and any potential ensuing liability, would distract the Debtors and their personnel to the detriment of the Debtors' estates and all parties in interest. The dedicated and active participation of the Debtors' employees is integral to the Debtors' continued viability and the orderly administration—and ultimately the success of—these Chapter 11 Cases.[12]

23. Additionally, the Debtors' failure to timely pay the Taxes and Fees may result in increased tax liability for the Debtors if interest and penalties accrue on the unpaid Taxes and Fees, which amounts may also be entitled to priority treatment. Such a result would be contrary to the best interests of the Debtors' estates and all stakeholders. As noted above, many of the Taxes and Fees may be entitled to priority status pursuant to section 507(a)(8)(C) of the Bankruptcy Code. As priority claims, these obligations must be paid in full before any general unsecured obligations of the Debtors may be satisfied. To the extent that the Debtors cannot timely pay the prepetition Taxes and Fees, it may ultimately be required to pay those amounts with additional interest and

[12] Nothing herein is a concession that the Debtors' officers, members, or employees would have personal liability for any unpaid Taxes and Fees. However, the threat of such collection efforts, even if ultimately unwarranted, would be a critical distraction. In addition, such individuals may be entitled to indemnification by the Debtors' estates which would result in unnecessary costs to the detriment of the Debtors' stakeholders.

penalties. The Debtors' failure to pay the prepetition Taxes and Fees as they come due may, thus, ultimately increase the amount of priority claims held by the Taxing Authorities against the Debtors' estates, to the detriment of the Debtors' other creditors. *See* 11 U.S.C. §§ 507(a)(8)(C) and 507(a)(8)(G). Accordingly, the Debtors request that the Court authorize them to pay all prepetition and postpetition obligations on account of Taxes and Fees, including any Assessments.

DIRECTIONS TO DEBTORS' BANKS

24. To give effect to the requested relief, the Debtors request that the Court provide specific authorization and direction to Wells Fargo Bank, and any other applicable banks (collectively, the "**Banks**"), to receive, process, honor and pay all checks, drafts, wires, or automated clearing house transfers made on account of the Taxes and Fees, provided sufficient funds are available to honor all such payments, without regard to when the applicable check, draft, wired or transfer was issued.

WAIVER OF BANKRUPTCY RULES 6004(a) and 6004(h)

25. The Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the fourteen-day stay period under Bankruptcy Rule 6004(h).

RESERVATION OF RIGHTS

26. Notwithstanding anything to the contrary herein, nothing contained in this Motion or any actions taken pursuant to any order granting the relief requested by this Motion and no action taken by the Debtors pursuant to the relief requested or granted (including any payment made in accordance with any such order) is intended as or shall be construed or deemed to be: (i) an implication or admission as to the amount of, basis for, priority, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (ii) a waiver of the Debtors' or any other party in interest's rights to dispute any claim on any grounds;

(iii) a promise or requirement to pay any particular claim; (iv) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (v) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (vi) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estate; (vii) a waiver or limitation of any claims, causes of action, or other rights of the Debtors or any other party in interest against any person or entity under the Bankruptcy Code or any other applicable law; (viii) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code; (ix) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens; (x) a waiver of the obligation of any party in interest to file a proof of claim; or (xi) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

NOTICE

27. The Debtors will provide notice of this Motion to the following parties or their respective counsel: (i) the Office of the US Trustee for the Southern District of Texas; (ii) the

holders of the thirty (30) largest unsecured claims against the Debtors; (iii) the Taxing Authorities; (iv) the Internal Revenue Service; (v) the United States Attorney's Office for the Southern District of Texas; (vi) the Texas State Attorney General; and (vii) parties requesting notice under Bankruptcy Rule 2002. The Debtors submit that no further notice need be provided.

CONCLUSION

WHEREFORE, the Debtors request that the Court enter the Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

[*Remainder of page intentionally left blank*.]

Dated: July 2, 2026

Respectfully submitted,

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Proposed Counsel to Debtors and Debtors-in-Possession

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

In re:	§	Chapter 11
	§	
CAMP MYSTIC, LLC,[1]	§	Case No. 26-90621 (CML)
	§	
Debtors.	§	(Jointly Administered)
	§	
	§	

ORDER (I) AUTHORIZING DEBTORS TO PAY CERTAIN PREPETITION TAXES AND FEES AND (II) GRANTING RELATED RELIEF

Upon the motion (the "**Motion**")[2] of Camp Mystic, LLC, and its debtor affiliates, as debtors and debtors-in-possession in the above captioned chapter 11 cases (the "**Debtors**"), for entry of an order pursuant to sections 363, 507(a), 541(d), and 105(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 (i) authorizing, but not directing, the Debtors to satisfy all Taxes and Fees due and owing to Taxing and Regulatory Authorities that arose prior to the Petition Date, including all Taxes and Fees subsequently determined by audit or otherwise to be owed for periods prior to the Petition Date, and to pay any postpetition amounts that become due and owing to the Taxing Authorities in the ordinary course during these cases, and (ii) granting related relief, all as more fully set forth in the Motion; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue is proper before this Court pursuant to 28 U.S.C. § 1408; and due, proper, and sufficient

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Camp Mystic, LLC (4064), Natural Fountains Properties, Inc. (1414), Mystic Camps Family Partnership, Ltd. (9861), and Mystic Camps Management, LLC (9688). The location of the Debtors' service address for purposes of these chapter 11 cases is: 2689 Highway 39, Hunt, TX 78024.

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

notice of the Motion and the hearing thereon having been given under the circumstances; and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion; and upon any hearing held on the Motion; and all objections, if any, to the relief requested in the Motion having been withdrawn, resolved, or overruled; and upon consideration of the *Declaration of Karen Nicolaou, Debtors' Proposed Chief Restructuring Officer, in Support of the Debtors' Motion for Entry of an Order (I) Authorizing the Payment of Certain Taxes and Fees and (II) Granting Related Relief*; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is **GRANTED** as set forth herein.

2. The Debtors are authorized, but not directed, to pay all prepetition Taxes and Fees due and owing to the Taxing Authorities, including, without limitation, those Taxing Authorities listed in **Exhibit 1** hereto, whether such prepetition Taxes and Fees are now due and owing or become due and owing postpetition, and including all Taxes and Fees subsequently determined upon audit, review, appeal, settlement, or otherwise to be owed for periods prior to the Petition Date, in each case, solely to the extent that such Taxes and Fees are or become payable in accordance with applicable law.

3. The Debtors are further authorized, but not directed, to pay all postpetition Taxes and Fees as they become due and owing in the ordinary course to the Taxing Authorities including,

without limitation, those Taxing Authorities listed in **Exhibit 1** hereto, in each case, solely to the extent that such Taxes and Fees become payable in accordance with applicable law.

4. Prior to making a payment to any of the Taxing Authorities under the Motion, the Debtors are authorized, but not directed, to settle some or all of the Taxes and Fees for less than their face amount without further notice or hearing. Such relief will be without prejudice to the Debtors' right to contest the amounts of any Taxes and Fees on any grounds it deems appropriate or the Debtors' ability to request further relief related to the Taxes and Fees in the future.

5. Notwithstanding anything to the contrary herein or in the Motion, the Debtors are authorized to file amended tax returns, including for prepetition periods, and pay any Taxes and Fees in connection therewith.

6. The Banks are authorized to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested, by the Debtors relating to such obligations, to the extent that sufficient funds are on deposit in the applicable bank accounts to cover such payments. The Banks are authorized to accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of this Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

7. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, and to replace any prepetition checks or electronic funds transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Chapter 11 Cases with respect to any prepetition amounts that are authorized to be paid pursuant to this Order. Nothing contained in the Motion or this Order, or any payment made pursuant to the

authority granted by this Order, is intended to be or shall be deemed as (i) an implication or admission as to the validity of any claim against the Debtors, (ii) a waiver or limitation of the Debtors' or any party in interest's right to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' or any other party in interest's right under the Bankruptcy Code or any other applicable nonbankruptcy law, (iv) a waiver of the obligation of any party in interest to file a proof of claim, (v) an agreement or obligation to pay any claims, (vi) a waiver of any claims or causes of action which may exist against any creditor or interest holder, (vii) an admission as to the validity of any liens satisfied pursuant to the Motion, or (viii) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code.

8. Notice of the Motion is adequate under Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules for the Southern District of Texas.

9. Notwithstanding the provisions of Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

10. The Debtors are authorized to take all actions necessary or appropriate to carry out the relief granted in this Order.

11. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: ____________, 2026
Houston, Texas

____
CHRISTOPHER LOPEZ
UNITED STATES BANKRUPTCY JUDGE

<u>EXHIBIT 1</u>

TAXING AUTHORITIES

TAXING AUTHORITIES	
AUTHORITY	**TYPE OF TAX**
Kerr County	Property Tax
Texas State Comptroller	Franchise Tax and Sales and Use Tax
IRS	Income Tax and payroll taxes
Texas Workforce Commission	State unemployment tax