IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO
WESTERN DIVISION

IN RE:	)	Case No. 26-31894
	)	
LOURDES UNIVERSITY,	)	CHAPTER 11
	)	
Debtor-in-Possession.	)	Judge Mary Ann Whipple

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DECLARATION OF JOHN T. HILLYER
IN SUPPORT OF FIRST DAY MOTONS

John T. Hillyer, hereby declares under penalty of perjury as follows:

1. I am the founding member of Hillyer Group, LLC, a boutique business advisory firm that, among other things, specializes in assisting businesses in distressed situations. I am the proposed chief restructuring officer ("CRO") for Lourdes University (the "University" or "Lourdes") and Lourdes Properties, LLC ("Properties" or "LP"), the above-captioned debtors and debtors-in-possession (each a "Debtor" and collectively, the "Debtors"), and an application to approve my agreement with the Debtors to serve as CRO will forthwith be filed. In this capacity.

2. I was brought into this case a short time ago. In that time period, I have reviewed books and records of the Debtors, have had site visits and have met with the fractional CRO for

documents and information. The facts set forth in this Declaration are as a result of that diligence. I am authorized to submit this declaration (the "Declaration") on behalf of the Debtors in support of their emergent first day motions.

SUMMARY OF FIRST DAY MOTIONS[1]

3. To enable the Debtors to operate effectively and to minimize adverse effects from its chapter 11 filing, the Debtors have requested or will be requesting various relief in "first day" motions (the "First Day Motions") filed with the Court and described below. In connection with preparing for this case, I have reviewed each of the First Day Motions referenced below. I believe that the information contained in the First Day Motions is accurate and correct. As set forth more fully below, I believe that the entry of orders granting the relief requested in these motions is critical to the Debtors' ability to preserve the value of their estates and succeed in its reorganization efforts.

A. Motion for Joint Administration

4. The Debtors have filed a motion seeking joint administration of the chapter 11 cases. The University and LP are related entities with common ownership and common secured debt Joint administration will promote efficiency and reduce administrative costs by allowing the cases to be administered under a single case number, with a single docket, and one set of notices. Joint administration will avoid unnecessary duplication of effort and expense which I believe will not adversely affect the rights of any creditor or party in interest.

B. Application for Order Extending Time to File Schedules of Assets and Liabilities and Statement of Financial Affairs

5. The Debtors seek entry of an order extending the time by which the Debtors

[1] Capitalized terms used but not defined in this section have the meanings ascribed to such terms in the respective First Day Motion.

must file their schedules and statement of financial affairs in their bankruptcy case by sixty (60) days. There were a myriad of issues which were addressed leading up to the filing, including negotiating DIP financing, preparing a consensual budget, reviewing options for monetization of assets, and effectuating a closure of the University. Additionally, staff reductions have placed an extraordinary burden on management and remaining employees. I will diligently work with the Debtors toward completion of the schedules and statements, but they will not be ready to file within the time required.

C. Motion Pursuant to Rule 9007 of the Federal Rules of Bankruptcy Procedure for Authority to Establish Notice Procedures

6. The Debtors ae seeking to limit notice of certain motions and documents in the cases. There are a large number of creditors and parties in interest in these cases, and I believe that providing notice to every party on every matter would be unduly burdensome and costly to the estate. AS set forth in this motion, the Debtors propose to establish a "Master Service List" to which much of the notices will be limited. IT is proposed to include: (i) counsel for the Debtors; (ii) the Debtors' twenty (20) largest unsecured creditors until the appointment of an official committee of unsecured creditors, and thereafter, counsel to the committee; (iii) the Office of the United States Trustee for the Northern District of Ohio (the "U.S. Trustee"); (iv) counsel for the proposed DIP Lender; (v) counsel for the Bond Trustee; (vi) counsel for Signature Bank; (vii) all other persons that have formally appeared and requested notice or copies of pleadings filed in this case under Bankruptcy Rule 2002 (as provided below); and (viii) all governmental entities identified on the matrix of creditors filed with the Court. In addition, any other party that has an interest in the subject matter of the motion (i.e., contract vendees, utilities, insurance, claimants) would all be served with the motion to which that pertains.

7. There would be certain exceptions to the limited notice, including notice of: (i) notice of the first meeting of creditors pursuant to section 341 of the Bankruptcy Code; (ii) the time fixed for filing proofs of claim pursuant to Bankruptcy Rule 3003(c); (iii) the time fixed for filing objections to, and the hearing on consideration of, approval of a disclosure statement and confirmation of a plan of reorganization; (iv) notice of and transmittal of ballots for accepting or rejecting a plan of reorganization; (v) notices of confirmation and effectiveness of a plan of reorganization; and (vi) notices of motions for the sale of real property. The Debtors believe that this relief will facilitate the efficient administration of the case.

D. Application for Order Authorizing Payment of Prepetition Salaries, Wages and Employee Benefits and Granting Related Relief

8. Lourdes University (Lourdes Properties has no employees) seeks entry of an order authorizing the payment of prepetition wages, salaries, and other compensation, withholding obligations, payroll taxes, and to continue payment of compensation and employee benefits post-petition in accordance with existing policies, including a severance program started months ago.

9. No employee would be receiving more than $17,150 in pre-petition obligations and are therefore under the priority threshold. If for some reason a payment would go over that amount, Lourdes would limit the payment to the total of $17,150.

Wages

10. As of the Petition Date, the Debtor's aggregate workforce consisted of approximately 59 employees. These remaining employees are primarily rank and file employees and faculty, many of whom live paycheck to paycheck, and are essential to operate in chapter 11, to provide information and documents for motions and schedules, and to move toward an ultimate plan of liquidation. Forty-five (45) of the remaining employees are regular salaried

employees, and fourteen (14) are hourly paid employees. As time goes by, the Debtor will have fewer employees who are entitled to wages.

11. The Debtor's gross payroll for the employees for the next payroll date is approximately $139,745.63[2]. The Debtor's payroll process is administered in-house. The employees are paid on the fifteenth (15th) and thirty first (31st) of each month from a separate payroll account (Account No. **4854) held at Signature Bank. For salaried employees, the payments are for the two-week period ending the date on which payroll is paid. For hourly employees, the payments are for the two-week period ending on the date of the prior payroll.

12. The first payroll date following the Petition Date is Saturday, August 15, 2026, and will be made on Friday, August 14, 2026, covering unpaid Wages for the time period of August 1 through August 15, 2026 for salaried employees, nine (9) of those days being pre-petition. For hourly workers, the August 15 payroll covers the period of July 15 through July 31, 2026, all of which is pre-petition. It is estimated that employees will have accrued pre-petition Wages in the aggregate amount of approximately $137,127.00. I believe that it is essential for these Wages to be paid to these hard-working employees.

Withholding Obligations and Payroll Taxes

13. The Debtor withholds federal, state and local taxes, including Social Security taxes, unemployment taxes, Medicare taxes, and when appropriate, garnishments (collectively, the "Withholding Obligations") from Wages for remittance to appropriate authorities in accordance with the Internal Revenue Code and applicable state law. The Debtor's estimated total Withholding Obligations for the August 15, 2026 payroll are approximately $26,189.

[2] This amount varies based on the payroll for hourly employees during any given pay period.

14. In addition, the Debtor is required to match, from their own funds, the Social Security and Medicare taxes and pay, based on a percentage of gross payroll and subject to state-imposed limits, additional amounts for state and federal unemployment insurance (the "Payroll Taxes") and remit the same to the appropriate authorities. The Debtor pays these Payroll Taxes in accordance with the Internal Revenue Code and applicable state law. The Debtor's estimated total obligation for Payroll Taxes for the August 15, 2026 payroll is approximately $9,312.

15. Prior to each payroll, the Debtor's payroll account is funded with the gross wages due to employees as well as the calculated withholdings and taxes for that upcoming payroll. Once funded, the Debtor makes ACH payments of the net payroll into each employee's direct deposit accounts. In addition, the Debtor's payroll provider, Paylocity, retains the Withholding Obligations and Payroll Taxes, and submits the Withholding Obligations and the Payroll Taxes to the appropriate agency as and when required.

Severance Program

16. Approximately six (6) months ago, the Debtor entered into Severance Agreements (the "Severance Program") with all of their employees (again, most of whom are rank and file and faculty), pursuant to which the employees would receive severance payments upon their termination of between $3,280 and $54,500, as well as a $2,000 health stipend and continued use of their laptop computers (the "Severance"). The Severance has been paid on a schedule dependent upon when the employee leaves the Debtor's employ. It is currently anticipated that Severance Payments remain to be paid together with several payrolls between August 15, 2026 and December 31, 2026. However, it is possible that the employment of a small number of employees may extend beyond their original termination date and, if so, Severance Payments for

such employees would be included in the first payroll after termination of their employment. The entirety of the post-petition Severance payments to be made amount to $584,923.

17. This Severance Program recognizes the importance of each one of the employees to the Debtor's operations as a noted University, no matter what role they played, and is in keeping with the Debtor's mission. Further, if continuance of the Severance Program is approved, the Sisters of St. Francis of Sylvania, Ohio ("SOSF") have agreed to provide funds to the University equal to the amount of the postpetition Severance payments without any requirement that such funds be repaid.[3] So continuance of the Severance Program will not have any net negative economic impact on the Debtors.

18. The Debtors believe that this program should be approved given that there is no net negative economic impact on the Debtors of continuing the Severance Program; every employee has participated in the Severance Program, and the Program keeps with the Debtor's mission.

Employee Benefit Programs

19. The Debtor provides certain Employee Benefit Programs and other employment-related policies and practices to all employees in the ordinary course of business which they seek to continue during the post-petition period, including health care and paid time off. These are important to the employees and the Debtors' mission.

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[3] Prior to the Petition Date, the SOSF made a $650,000 loan (the "$650,000 Loan") to the University, guaranteed by Lourdes Properties and secured by certain real estate owned by the Debtors. The proceeds of the $650,000 loan were used by the University to fund pre-petition Severance payments to employees. Prior to the Petition Date, the SOSF also made a line of credit available to the Debtors in a maximum amount of $2,600,000, of which in excess of $2,000,000 (the "Line of Credit Loans") was outstanding on the Petition Date. The Line of Credit Loans are also secured by certain real estate owned by the Debtors. The total amount of prepetition Severance payments was $848,219.00. The University and the SOSF have an agreement that, subject to approval of this Court of a release of any claims against the recipients of the prepetition Severance payments for avoidance of such payments, the SOSF will release the $650,000 Loan as well as an amount of Lien of Credit Loan equal to the total of the prepetition Severance payments minus the principal and interest due on the $650,000 Loan. The Debtor intends on shortly moving under Bankruptcy Rule 9019 for approval of the agreement with the SOSF.

E. Motion for Entry of Interim and Final Orders (I) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Utility Services, (II) Determining Adequate Assurance of Payment for Future Utility Services, (III) Establishing Procedures for Determining Adequate Assurance of Payment, and (IV) Granting Related Relief

20. In the ordinary course of business, the Debtors obtain, among other things, electricity, telephone, internet, and other similar services (collectively, the "Utility Services") from utility providers (collectively, the "Utility Providers"), on a list attached to the motion. There are no Utility Services provided to Lourdes Properties LLC. I am advised that there are, however, utility accounts (including Gas/Fuel and Water) in the name of, and billed to, the SOSF. I am further advised that those accounts cover several entities within the SOSF umbrella. Lourdes University pays an estimated amount of their share of such utility bills monthly, with true-up at the end of the year.

21. Preserving Utility Services on an uninterrupted basis is essential to the winddown of the University and for the continued maintenance of the Debtors' real estate holdings. Should any Utility Provider refuse or discontinue service, even for a brief period, the Debtors' efforts would be severely disrupted, and such disruption would jeopardize its ability to administer this chapter 11 case, particularly since the sale of the real estate is integral to their chapter 11 efforts.

22. On average, the Debtors pay approximately $35,841.40 each month for utility services. The Debtors propose depositing one-half of the average monthly payment to the Utilities into a deposit account as adequate assurance of payment (all of which are included in the Debtors' budget). There is a mechanism proposed in the motion for Utilities to seek higher amounts in deposit if they believe it is required. We believe that the program is fair and just to the Utilities and the Debtors as well.

F. Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Maintain Prepetition Insurance Programs, and (B) Pay or Honor Prepetition Obligations Arising Thereunder, and (II) Granting Related Relief

23. Prior to the Petition Date, the Debtors maintained insurance policies providing coverage for property, general liability, workers compensation, automobile liability, umbrella, D&O, excess liability, professional liability, fiduciary liability, cyber liability, crime, and environmental liability, among others from time to time (collectively, the "Policies" or the "Insurance Policies"). The Debtors obtained the Policies through its insurance agents, Hylant Group, Inc. ("Hylant") and Christian Brothers Services Risk Pooling Trust ("CBS"; together with Hylant, the "Insurance Agents"). The Motion erroneous stated the QBE Professional Insurance Company ("QBE") was an agent; it is not, rather it is one of the policies under the Hylant umbrella.

24. Most of the Policies, obtained through Hylant, have a term of one (1) year from November 1, 2025 through November 1, 2026; the QBE policy is a one (1) year term from July 24, 2026 through July 24, 2027; and the CBS policy is a one (1) year term from June 15, 2026 through June 15, 2027. The annual premium cost of the Policies in place as of the Petition Date is approximately $366,940. The Hylant Policies are part of an insurance plan in the name of SOSF who then bills the Debtors for their shares of the premiums and commissions (the "Allocated Hylant Policy Costs"). The premium portion of the Annual Hylant Policy Costs are billed by SOSF to the Debtors annually and the commission portion is billed quarterly. As of the Petition Date the Debtors have not paid all of the Allocated Hylant Policy Costs, but this motion seeks authority to pay the Allocated Hylant Policy Costs billed by SOSF after the Petition Date (the "Post-Petition Allocated Hylant Policy Costs"). The CBS policies are paid directly to CBS in three (3) installments, the last of which is due on September 15, 2026. Payments under all of the Policies

25. The Policies are essential to the preservation of the Debtors' winddown operations and to enable a successful liquidation. The Debtors' ability to continue making payments under the Insurance Policies without any lapse when the Policies renew is also essential. Even a temporary suspension of the Debtors' ability to pay the premium amounts due under the Policies would create a significant risk of the Debtors losing their insurance coverage.

G. *Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing the Debtors to Obtain Post-Petition Financing, (B) Authorizing the Use of Cash Collateral, (C) Granting Adequate Protection, (D) Scheduling a Final Hearing and (E) Granting Related Relief*

26. Prior to the filing of these cases, the Debtors negotiated the terms of senior secured debtor-in-possession financing (the "DIP Facility") with the Sisters of St. Francis of Sylvania, Ohio as DIP Lender (the "DIP Lender"), at arm's length, for which they seek court approval (the "DIP Motion"). The DIP Term Sheet, dated August 10, 2026, provides for a multi-draw term loan facility in a principal amount not to exceed $2.8 million in the aggregate and $500,000 on an interim basis. Both Debtors are the borrowers under the DIP Facility. Interest accrues on the outstanding principal at the rate of 6% per annum, payable on the Maturity Date. Upon the occurrence and during the continuation of any Event of Default, interest accrues at a default rate of 8% per annum. The Maturity Date is the earliest of: (i) December 31, 2026; (ii) the occurrence of an Event of Default; or (iii) the sale of any property of either Debtor outside the ordinary course of business unless such sale is consented to by the DIP Lender.

27. All advances under the DIP Facility will be used by the Debtors solely to fund their operations and to conduct and pursue the sale and liquidation of their properties in accordance with an approved budget (the "Budget"). The Budget will be a 13-week cash flow

projection, subject to a 10% permitted variance on a line item and cumulative basis, tested weekly after the first two weeks.

28. As collateral for the DIP financing, the DIP lender will receive (a) a superpriority administrative claim with priority over all claims other than a Carve-Out, (b) a first priority lien against all property that was unencumbers on the Petition Date, (c) a lien on property that was encumbered on the Petition Date junior to the liens of the Bond Trustee and Signature, and (d) a first priority security interest in property acquired by the Debtors after the Petition Date

29. As adequate protection for the use of cash collateral, all of the DIP Lender, the Bond Trustee and Signature will be entitled to superpriority administrative expense claim status up to the diminution in value of cash collateral, of equal priority, junior to the Carve-Out.

30. The Carve Out consists of: (i) all unpaid fees of the Clerk of the Bankruptcy Court and the Office of the United States Trustee; (ii) after delivery of a Carve Out Trigger Notice, all allowed professional fees in an aggregate amount not exceeding $50,000; and (iii) all allowed professional fees incurred prior to delivery of a Carve Out Trigger Notice in an amount not exceeding budgeted amounts in the Budget.

31. Without use of the Cash Collateral and DIP Facility, the Debtors will have no funds to administer its case and monetize its assets for the benefit of the4ir creditors. In just this interim period through August, the Debtors that $500,000 is needed to make payroll and pay other obligatos that will become due during this time.

32. I have reviewed the Budget in detail and believe that the items contained in the Budget are necessary and usual expenses in reasonable amounts. The negotiation of the DIP Facility was at arms-length and is the result of the Debtors' reasonable and informed determination that the DIP Lender offered favorable terms on which to obtain needed post-

petition funding. The terms and conditions of the DIP Facility are fair and reasonable, and the proceeds under the DIP Facility will only be used for purposes permissible under the Bankruptcy Code and in accordance with the Budget. In the end, the use of the DIP Facility will pale in comparison to the funds to be received from a sale of the properties and the other benefits to be gained through the chapter 11 process, all to the benefit of the Debtors' creditors.

33. Based upon all of my diligence, my participation in the negotiation of the Budget and the DIP Facility, and the knowledge of the Debtors' asset and debt structure that I have obtained through that diligence, I believe that all of the First Day Motions should be granted.

34. I declare under the penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing statements are true and correct, to the best of my knowledge, information, and belief, and as to those statements made upon information and belief, I believe them to be true.

Dated: 8/12/26 Ohio
August 12, 2026

HILLYER GROUP, LLC

By: ______________________
John T. Hillyer
Founding Member