

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

IN RE: §
§
Stage Stores, Inc. et al § **CASE NO. 20-32564**
§
§ **Chapter 11**
Debtors § **Jointly Administered**

**LIMITED OBJECTION OF CERTAIN TEXAS TAXING ENTITIES TO DEBTORS’
EMERGENCY MOTION SEEKING ENTRY OF INTERIM AND FINAL ORDERS (I)
AUTHORIZING USE OF CASH COLLATERAL AND AFFORDING ADEQUATE
PROTECTION, (II) MODIFYING THE AUTOMATIC STAY, (III) SCHEDULING A
FINAL HEARING AND (IV) GRANTING RELATED RELIEF
(Related to Docket #24)**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

COMES NOW Lubbock County Appraisal District, *et al.*¹, secured creditors and parties in interest (the “Certain Texas Taxing Entities”) and file this Limited Objection to the Emergency Motion Seeking Entry of Interim and Final Orders (I) Authorizing Use of Cash Collateral and Affording Adequate Protection, (II) Modifying the Automatic Stay, (III) Scheduling a Final Hearing and (IV) Granting Related Relief (the “Cash Collateral Motion”).

Background

1. The Certain Texas Taxing Entities are political subdivisions of the State of Texas, authorized and required by the Texas Constitution and laws to levy and collect taxes on taxable personal and real property within their boundaries, in order to operate and discharge their public purposes.

¹ The full inclusion of Certain Texas Taxing Entities is still undergoing review but will include all taxing entities represented by Perdue Brandon Fielder Collins and Mott LP including those attached on Exhibit A.



2. The Certain Texas Taxing Entities hold secured pre-petition tax claims for *ad valorem* taxes in the amount of approximately \$833,591.09² (the “Tax Claims”). The Tax Claims are secured by tax liens on the real and tangible personal property of the Debtors within their boundaries (the “Tax Liens”).

3. The Tax Liens attach on January 1 of each tax year and are superior to any other secured claim on the taxable property as provided by Article VIII, Section 15 of the Texas Constitution, and Sections 32.01 and Section 32.05(b) of the Texas Property Tax Code. The tax liens for the tax year 2020 attached pre-petition and are pre-petition liens securing pre-petition debt. *See In the Matter of Midland Industrial Services Corp.*, 35 F.3d 164 (5th Cir. 1994) (determining that taxes are incurred on January 1 of each year, even if they are not yet calculated).

4. The Debtors filed the Cash Collateral Motion on May 11, 2020 at docket number 24 and a final hearing is set for June 10, 2020 at 2:30 pm (CST).

5. Additionally, the Debtors filed the Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Close Stores and Wind-Down Operations, (II) Authorizing the Debtors to Assume and Perform Under the Consulting Agreement Related to the Store Closings, (III) Approving Procedures for Store Closing Sales, (IV) Approving Modifications to Certain Customer Programs, and (V) Granting Related Relief on May 11, 2020 at docket number 27 (the “Store Closing Motion”).

Limited Objection to Cash Collateral Motion

6. The sale of the Debtors’ assets free and clear of all liens under 363(f) will create cash collateral to which the Certain Texas Taxing Entities liens attach.

² Due diligence remains ongoing and the estimated amount due to all Certain Texas Taxing Entities may change.

7. The Certain Texas Taxing Entities object to the Cash Collateral Motion because it seeks to use the cash collateral created by the sale of the Certain Texas Taxing Entities collateral without adequate protection or consent.
8. The Certain Texas Taxing Entities request adequate protection in the form of a final order that provides sufficient funds to pay their claims, plus interest at the applicable non-bankruptcy rate, set aside in a segregated account for the sole purpose of paying their claims. The Certain Texas Taxing Entities further requests that the Court enter an order that the segregated funds not be paid to any other party until the Tax Claims have been paid in full.
9. Counsel for the Certain Texas Taxing Entities have conferred with counsel for the Debtors in an attempt to reach an agreement, but an agreement has not been reached.

Prayer

WHEREFORE, Lubbock County Appraisal District, *et al.* respectfully request that a Final Order approving the Cash Collateral Motion (1) provide sufficient funds to pay the Tax Claims plus interest at the applicable non-bankruptcy rate, set aside in a segregated account for the sole purpose of paying its claims, not to be paid to any other party until the Tax Claims have been paid or without further order of this Court and (2) grant them such other and further relief as is just and proper.

Dated: May 28, 2020

Respectfully submitted,

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/s/ Melissa E. Valdez

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing has been sent to the parties listed below by the method indicated on this the 28th day of May 2020.

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/s/ Melissa E. Valdez

Melissa E. Valdez

EXHIBIT A**Perdue Brandon Fielder Collins and Mott, LLP**

*Claim amounts and taxing entities are still undergoing review and are subject to change

Taxing Entity	2019	Est. 2020	Total
City of Weslaco		\$9,149.41	\$9,149.41
Weslaco ISD		\$14,034.70	\$14,034.70
City of Mercedes		\$1,574.99	\$1,574.99
Mercedes ISD		\$2,702.64	\$2,702.64
Andrews ISD		\$7,956.58	\$7,956.58
Andrews TO		\$2,268.76	\$2,268.76
Dawson CCAD		\$9,485.15	\$9,485.15
Gaines CAD		\$14,348.32	\$14,348.32
Hockley County Tax Office		\$7,871.07	\$7,871.07
Lamb CAD		\$3,195.20	\$3,195.20
Lubbock CAD	\$64,989.62	\$53,276.68	\$118,266.30
Scurry County Tax Office		\$12,636.19	\$12,636.19
Alpine ISD		\$6,938.58	\$6,938.58
City of Alpine		\$2,847.31	\$2,847.31
Howard County Tax Office		\$21,458.60	\$21,458.60
Midland County		\$328.32	\$328.32
Presidio County Tax Office		\$7,702.63	\$7,702.63
Wichita County		\$1,990.70	\$1,990.70
Burburnett ISD		\$6,416.75	\$6,416.75
Cooke County		\$9,639.60	\$9,639.60
City of Azle		\$4,314.69	\$4,314.69
City of Grapevine		\$2,353.38	\$2,353.38
Grapevine-Colleyville		\$10,983.24	\$10,983.24
Johnson County		\$2,903.98	\$2,903.98
City of Cleburne		\$4,782.54	\$4,782.54
Cleburne ISD		\$9,453.05	\$9,453.05
Johnson County		\$2,177.64	\$2,177.64
City of Burleson		\$3,689.17	\$3,689.17
Burleson ISD		\$8,035.98	\$8,035.98
Nolan County		\$3,685.88	\$3,685.88
City of Sweetwater		\$2,072.37	\$2,072.37
Sweetwater ISD		\$4,343.85	\$4,343.85
Palo Pinto County		\$4,163.17	\$4,163.17
City of Mineral Wells		\$3,837.71	\$3,837.71
Mineral Wells ISD		\$7,765.93	\$7,765.93
Copperas Cove ISD		\$6,246.85	\$6,246.85
Colorado County		\$4,170.75	\$4,170.75
Colorado County		\$12,210.81	\$12,210.81
Fayette County		\$10,934.36	\$10,934.36
Kendall County		\$12,541.61	\$12,541.61
Kerr County		\$1,580.04	\$1,580.04
Kerrville ISD		\$1,705.72	\$1,705.72
Cameron ISD		\$1,955.36	\$1,955.36

Cass County		\$1,224.56	\$1,224.56
Houston County		\$2,813.40	\$2,813.40
City of Greenville		\$2,234.00	\$2,234.00
Mineola ISD		\$5,666.52	\$5,666.52
Nacogdoches County, et al.		\$10,577.00	\$10,577.00
Panola County		\$11,118.00	\$11,118.00
Tyler ISD		\$9,435.00	\$9,435.00
Moore County Tax Office		\$14,657.68	\$14,657.68
Hutchinson County Tax Office		\$11,093.21	\$11,093.21
Hale County Appraisal District		\$21,633.23	\$21,633.23
Dallam County Appraisal District		\$2,386.22	\$2,386.22
Hartley County Appraisal District		\$1,151.17	\$1,151.17
Gray County Tax Office		\$15,521.01	\$15,521.01
Ochiltree County Appraisal District		\$11,600.84	\$11,600.84
Randall County Tax Office		\$6,034.40	\$6,034.40
Potter County Tax Office		\$23,544.20	\$23,544.20
Alief ISD		\$16,600.45	\$16,600.45
Austin CAD		\$8,553.06	\$8,553.06
Bay City ISD		\$12,270.70	\$12,270.70
Brazoria County Tax Office		\$64,910.59	\$64,910.59
Bridgestone MUD		\$2,690.24	\$2,690.24
City of Cleveland		\$4,335.71	\$4,335.71
City of Houston		\$11,771.79	\$11,771.79
City of Rosenberg		\$2,852.89	\$2,852.89
City of Tomball		\$1,826.44	\$1,826.44
Clear Creek ISD		\$11,682.40	\$11,682.40
Crosby ISD		\$4,049.57	\$4,049.57
Crosby MUD		\$1,281.56	\$1,281.56
Dickinson ISD		\$6,711.93	\$6,711.93
FBC MUD 115		\$4,405.28	\$4,405.28
FBC MUD 35		\$5,325.95	\$5,325.95
Fort Bend ISD		\$36,941.01	\$36,941.01
Galena Park ISD		\$10,436.20	\$10,436.20
Grand Lakes WCID		\$877.22	\$877.22
HC MUD 132		\$444.37	\$444.37
Humble ISD		\$15,898.66	\$15,898.66
Klein ISD		\$12,988.92	\$12,988.92
Pasadena ISD		\$17,933.56	\$17,933.56
Tomball ISD		\$6,900.19	\$6,900.19
Uvalde CAD		\$23,691.05	\$23,691.05
Walker CAD		\$10,801.03	\$10,801.03
			\$0.00
		Total	\$833,591.09