

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

Chapter 11

SOUTHCROSS ENERGY PARTNERS, L.P.,
et al.,

Case No. 19-10702

Debtors.

RESPONSE TO THE MOTION OF DEBTORS FOR ENTRY OF ORDERS (I)(A) APPROVING BIDDING PROCEDURES FOR SALE OF DEBTORS' ASSETS, (B) AUTHORIZING THE SELECTION OF A STALKING HORSE BIDDER, (C) APPROVING BID PROTECTIONS, (D) SCHEDULING AUCTION FOR, AND HEARING TO APPROVE, SALE OF DEBTORS' ASSETS, (E) APPROVING FORM AND MANNER OF NOTICES OF SALE, AUCTION, AND SALE HEARING, (F) APPROVING ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (G) GRANTING RELATED RELIEF AND (II)(A) APPROVING SALE OF DEBTORS' ASSETS FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES, (B) AUTHORIZING ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (C) GRANTING RELATED RELIEF

[Rel. Dkt. 225]

To the Honorable United States Bankruptcy Judge:

NOW COMES Calhoun CAD and Wharton County (collectively, "Texas Taxing Authorities") and files their Response to the Motion of Debtors for Entry of Orders (I)(A) Approving Bidding Procedures for Sale of Debtors' Assets, (B) Authorizing the Selection of A Stalking Horse Bidder, (C) Approving Bid Protections, (D) Scheduling Auction for, and Hearing to Approve, Sale of Debtors' Assets, (E) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, (F) Approving Assumption and Assignment Procedures, and (G) Granting Related Relief and (II)(A) Approving Sale of Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing Assumption and Assignment of Executory



19107021905280000000000002

Contracts and Unexpired Leases, And (C) Granting Related Relief [Rel. Dkt. 225], on the following grounds:

1. The Texas Taxing Authorities are political subdivisions of the State of Texas.
2. As of January 1, 2019, liability arose, and a senior lien attached to the business personal property of the Debtors for the 2019 taxes of Calhoun CAD and Wharton County, in the estimated amount of \$48,372.45.
3. These taxes are secured with a security interest that is superior to that of any other secured claim under the Texas Constitution, Article VIII, Section 15, and the Texas Property Tax Code, Section 32.01 and Section 32.05(b). *Stanford v. Butler*, 826 F.2d 353 (5th Cir. 1987), 11 USC § 506; *Universal Seismic Associates, Inc.*, 288 F.3d 205 (5th Cir. 2002); In *Re Winn's Stores, Inc.*; 177 B.R. 253 (Bkcty W.D. Tex 1995). In addition, the lien is a lien *in solido* and attaches to all personal property of the debtors. Texas Property Tax Code Section 32.01(b).

The Texas Taxing Authorities do not oppose the sale of the property, so long as the 2017-2019 estimated ad valorem taxes are paid at closing from the proceeds of the sale prior to the distribution of any proceeds to any other creditor. Such liens should attach to the proceeds of the sale as adequate protection as required by 11 U.S.C. § 363(e). The Texas Taxing Authorities object to the distribution of proceeds to any other creditors whose liens are inferior to that of the Texas Taxing Authorities.

4. The inclusion of the following language in the Order Authorizing the Sale of Real Property Free and Clear of Liens would be adequate to enable Claimant to withdraw its Objection to this Sale:

The ad valorem tax liens for the 2017-2019 tax year are hereby paid at closing from the proceeds of the sale prior to the distribution of any proceeds to any other creditor. The Texas Taxing Authorities request the 2019 tax lien attach to the proceeds as adequate protection as required by 11 U.S.C. § 363(e).

WHEREFORE, the Texas Taxing Authorities request this Court to order that 1) Calhoun CAD and Wharton County's tax liens attach to the cash proceeds of the sale, and the tax claim be paid at closing, 2) provide for adequate protection of the Texas Taxing Authorities tax liens in some other manner and further request other and such relief as is just and proper.

Dated: May 28, 2019

Respectfully submitted,

**MCCREARY, VESELKA, BRAGG
& ALLEN, P.C.**

*Attorneys for the Texas Taxing
Authorities*

P. O. Box 1269

Round Rock, TX 78680-1269

Telephone: (512) 323-3200

Fax: (512) 323-3205

/s/ Tara LeDay

Tara LeDay TX 24106701

Telephone: (512) 323-3241

Email: tleday@mvalaw.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on May 28, 2019, a true and correction copy of the foregoing was served electronically to those parties on the Court's Notice of Electronic Filing System.

/s/ Tara LeDay

Tara LeDay