

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

Chapter 11

HRI HOLDING CORP., *et al.*¹

Case No. 19-12415 (MFW)

Debtors.

(Jointly Administered)

Ref. No. 14

**OBJECTION OF GISELLE BROWN REALTY, LLC AND KELLYWOOD, LLC TO
DEBTORS' NOTICE OF ASSUMPTION AND CURE COST WITH
RESPECT TO EXECUTORY CONTRACTS OR UNEXPIRED LEASES
POTENTIALLY TO BE ASSUMED AND ASSIGNED IN
CONNECTION WITH SALE OF DEBTORS' ASSETS**

1. Giselle Brown Realty, LLC ("Giselle Brown") and Kellywood, LLC

("Kellywood"), the landlords, hereby object, through their undersigned counsel, to the Debtors'

Notice of Assumption and Cure Cost With Respect to Executory Contracts or Unexpired Leases

Potentially to be Assumed and Assigned in Connection With Sale of Debtors' Assets

("Assumption and Cure Cost Notice") [Docket No. 89] on the grounds that the October 2019

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: HRI Holding Corp. (4677), Houlihan's Restaurants, Inc. (8489), HDJG Corp. (3479), Red Steer, Inc. (2214), Sam Wilson's/Kansas, Inc. (5739), Danyl's of St. Louis County, Inc. (7177), Darryl's of Overland Park, Inc. (3015), Houlihan's of Ohio, Inc. (6410), HRI O'Fallon, Inc. (4539), Algonquin Houlihan's Restaurant, L.L.C. (0449), Geneva Houlihan's Restaurant, L.L.C. (3156), Hanley Station Houlihan's Restaurant, LLC (4948), Houlihan's Texas Holdings, Inc. (5485), Houlihan's Restaurants of Texas, Inc. (4948), JGIL Mill OP LLC (0741), JGIL Millburn, LLC (6071), JGIL Milburn Op LLC (N/A), JGIL, LLC (5485), JGIL Holding Corp. (N/A), JGIL Omaha, LLC (5485), HOP NJ NY, LLC (1106), HOP Farmingdale LLC (7273), HOP Cherry Hill LLC (5012), HOP Paramus LLC (5154), HOP Lawrenceville LLC (5239), HOP Brick LLC (4416), HOP Secaucus LLC (5946), HOP Heights LLC (6017), HOP Bayonne LLC (7185), HOP Fairfield LLC (8068), HOP Ramsey LLC (8657), HOP Bridgewater LLC (1005), HOP Parsippany LLC (1520), HOP Westbury LLC (2352), HOP Weehawken LLC (2571), HOP New Brunswick LLC (2637), HOP Holmdel LLC (2638), HOP Woodbridge LLC (8965), and Houlihan's of Chesterfield, Inc. (5073). The Debtors' corporate headquarters and the mailing address is 8700 State Line Road, Suite 100, Leawood, Kansas 66206.



rent, November 2019 rent, and real estate taxes for Kellywood's leased premise have not been paid; and, the November 2019 rent and fourth quarter taxes for Giselle Brown's leased premise are due and have not been paid.

2. On November 27, 2019, the above-captioned debtors and debtors-in-possession (the "Debtors") filed their Assumption and Cure Cost Notice, providing notice of their intent to potentially assume and assign certain prepetition executory contracts or unexpired leases to the Stalking Horse Bidder² or, the Successful Bidder. [Docket No. 89].

3. This *Objection* by two landlords concerns two lease agreements, and two leased properties: (1) Giselle Brown Realty, LLC is the landlord of the premises located at 35-37 Main Street, Millburn, New Jersey ("GB Property"), which is currently leased by JGil Millburn LLC ("GB Tenant") and guaranteed by Houlihan's Restaurants Inc.; and, (2) Kellywood, LLC is the landlord of the premises located at 65 U.S. Highway 1 South, Woodbridge, New Jersey ("Kellywood Property"), which is currently leased by HOB Woodbridge LLC ("Kellywood Tenant"). The Debtors seek to potentially assume and assign the leases for the GB Property and Kellywood Property to the Stalking Horse Bidder and/or the Successful Bidder.

4. With respect to the GB Property, Giselle Brown and GB Tenant's predecessor (CB VIII, Inc.) entered into a lease agreement dated July 19, 2000 for the subject property ("GB Lease"). Thereafter, in or about 2019, GB Tenant's predecessor assigned its rights to the current GB Tenant (JGil Millburn LLC) via an asset purchase agreement, and Houlihan's Restaurants, Inc. guaranteed the lease.

5. In the Debtors' Assumption and Cure Cost Notice, the Debtors state that the total cure cost for the GB Lease is \$ 11,166.67. Giselle Brown objects to the Debtors' stated cure

² All capitalized terms used but not otherwise defined herein shall have the meaning scribed to them in the Debtors' Bidding Procedures Order.

amount. As of December 13, 2019, the GB Tenant owes Giselle Brown a total of \$11,501.67 for the GB Lease and must pay fourth quarter taxes directly to the Millburn Township.³ Thus, the total cure cost for the GB Property is calculated as follows: (1) \$11,501.67 (total owed to Giselle Brown for the GB Lease as of December 13, 2019) *plus* (ii) \$9,912.87 (the Q4 taxes owed to the Millburn Township as of December 12, 2019) *equals* **\$21,414.54**.

6. With respect to the Kellywood Property, Mipal Realty Company, the predecessor landlord, and Woodbridge Restaurant LLC, the predecessor tenant, entered into a lease agreement dated April 8, 2010 for the subject property (“Kellywood Lease”). Thereafter, on or about March 2017, Paul Schmidt d/b/a Mipal Realty Company, as the predecessor landlord, transferred and assigned the Kellywood Property to Kellywood, LLC, a related entity and the present landlord of the Kellywood Property. On May 10, 2018, the predecessor tenant (Woodbridge Restaurant, LLC) assigned its rights via an asset purchase agreement to HOP Woodbridge LLC⁴, the current tenant of the Kellywood Property.

7. In the Debtors’ Assumption and Cure Cost Notice, the Debtors state that the total cure amount for the Kellywood Lease is \$ 33,000.00. Kellywood objects to the Debtors’ stated cure amount. As of December 13, 2019, the Kellywood Tenant owes Kellywood a total of **\$56,276.03**, which is calculated as follows: (i) the sum of the October 2019 rent (\$16,500.00) *plus* (ii) the November 2019 rent (\$16,500.00) *plus* (iii) the unpaid real estate taxes (\$21,718.03) *plus* (iv) the legal fees and court costs that Kellywood incurred for its pre-petition filings (\$1,558.00).

³ The total amount GB Tenant owes Giselle Brown for the GB Lease is calculated as follows: (i) \$11,166.67 (November 2019 rent) *plus* (ii) \$335.00 (late fee for the November 2019 rent) *equals* **\$11,501.67**. The GB Property taxes are paid by the GB Tenant directly to the Millburn Township. The outstanding Q4 taxes as of December 12, 2019 are \$9,912.87 (interest accrues daily).

⁴ HOP Woodbridge LLC is also the affiliate of Woodbridge Restaurant, LLC’s franchisor, Houlihan’s Restaurants, Inc.

8. Giselle Brown and Kellywood reserve their right to supplement this joint *Objection*.

WHEREFORE, based on the foregoing, Giselle Brown Realty, LLC objects to the assumption of its GB Lease because the lease's November 2019 rent and fourth quarter taxes in the sum of **\$21,414.54** are due and unpaid. Likewise, Kellywood, LLC objects to the assumption of its Kellywood Lease because the lease's October 2019 rent, November 2019 rent, real estate taxes, and legal fees in the sum of **\$56,276.03** are due and unpaid.

**GISELLE BROWN REALTY, LLC and
KELLYWOOD, LLC**

By their attorneys,

/s/ William J. Hanlon
William J. Hanlon
SEYFARTH SHAW LLP
World Trade Center East
Two Seaport Lane, Suite 300
Boston, Massachusetts 02210
Tel: (617) 946-4995
Fax: (617) 790-6719
Email: whanlon@seyfarth.com

Dated: December 13, 2019

MILLBURN TOWNSHIP*Tax Collectors Stub - Return with Payment**If Delinquent Payment is Due in Tax Office by 12/10/19*

Block	Lot Qualification	Bank Code
1212	12	
Tax Account Number	Amount Due	\$ 9872.97
24153		

GISELLE BRN REALTY C/O HOULIHAN'S

35 MAIN STREET

Mail to :

MILLBURN TOWNSHIP

Att: DONNA RUGGIERO, CTC

375 MILLBURN AVE

MILLBURN, NJ 07041

Make Checks Payable to : MILLBURN TOWNSHIP

All information provided herein is subject to verification by the Tax Collector
 PROPERTY TAX RECORD MILLBURN TOWNSHIP
 Page 1 Tue Dec 3 14:35:49 EST 2019

Property Information			
Block :	1212	Lot: 12	Qualification :
Tax Account Number :	24153		Deductions:
Dimension :	90X195		Senior: 0
Property location :	35 MAIN STREET		Vet : 0
Property Class :	4A		Widow : 0
Bank code :			Survivor: 0
Building Descript :	3SB REST4APT		Disabled: 0
Additional lots :	13		Deduction amount: 0.00

Owner Information

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
 XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
 XXXXXXXXXXXXXXXX XX XXXXX

Property Tax Information			
2018 Net Tax :	37,962.02	Land value:	566,900
2019 Net Tax :	38,520.87	Improvement value:	1,429,000
2019 Total Tax:	38,520.87	Net taxable value:	1,995,900
Special Tax codes :	Special Tax Amount :		0.00

Tax Quarter History: 2019					
	Due Feb. 1st	Due May 1st	Due Aug. 1st	Due Nov. 1st	
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1/2 next yr
Tax Due:	9,490.51	9,490.50	9,839.79	9,700.07	19,260.44
Tax Paid:	9,490.51-	9,490.50-	9,839.79-	0.00	0.00
Balance:	0.00	0.00	0.00	9,700.07	19,260.44

NOTE: SEE BELOW FOR BILLING INFO

2019 Balance Summary					
Totals Due:	38,520.87	Paid :	28,820.80	Adjust:	0.00
		Bal:			9,700.07

Transaction History						
Tax Year	Tax Due	Tax Paid	Interest	Date Paid	Total Paid	Dep#
2019 Tax Year						
Bal Forward	0.00					
1st Quarter	9,490.51	9,490.51	116.87	3/01/19	9,607.38	205
2nd Quarter	9,490.50	9,490.50	0.00	4/30/19	9,490.50	337
3rd Quarter	9,839.79	9,839.79	0.00	7/19/19	9,839.79	549
4th Quarter	9,700.07					
Ending Bal	9,700.07					

Summary of Transactions for All Years Listed Above By Dates:

mode	paid	tax	int	date
	9,607.38	9,490.51	116.87	3/01/19
	9,490.50	9,490.50		4/30/19
	9,839.79	9,839.79		7/19/19

All information provided herein is subject to verification by the Tax Collector
 PROPERTY TAX RECORD MILLBURN TOWNSHIP
 Page 2 Tue Dec 3 14:35:49 EST 2019

Interest calculation date: 12/10/2019							
Tax Year	Quarter	Tax Due	Days	8%	18%	Interest	Quarter Totals
2019	4	9,700.07	39	13.00	159.90	172.90	9,872.97
Tax Year 2019 Total		9,700.07		13.00	159.90	172.90	9,872.97
Delinquent Total		9,700.07		13.00	159.90	172.90	9,872.97 Pdm 4.4334

Total Amount Due

Total Due : \$ 9,872.97



Stephanie DeSanto [REDACTED]

2019 Q3 Tax Payment Houlihans Woodbridge Township

1 message

Stephanie DeSanto [REDACTED]
To: cheppetto@aol.com, "Cosentino, Peter" <pcosentino@houlihans.com>

Tue, Jul 23, 2019 at 3:38 PM

Woodbridge Restaurant, LLC
429 Market Street
Saddle Brook, NJ 07663

Re: 65 Route 1 South – Houlihans
Woodbridge, NJ
Real Estate Tax Reimbursement

Good Afternoon Pete,

Hope all is well.

Enclosed please find a copies of the Township of Woodbridge's 2019 3rd and 4th Quarter Taxes. Please see below the breakdown of your portion that is owed to us.

Block 350.04 Lot 70

3rd Quarter 2019 (due 8/1/19) - $\$10,611.02 \times 30\% = \$3,183.31$
4th Quarter 2019 (due 11/1/19) - $\$10,611.02 \times 30\% = \$3,183.31$

Block 350.05 Lot 4

3rd Quarter 2019 (due 8/1/19) - $\$30,236.10 \times 61.3\% = \$18,534.73$
4th Quarter 2019 (due 11/1/19) - $\$30,236.09 \times 61.3\% = \$18,534.72$

Please submit your check of:

\$21,718.04 for Q3 by 8/1/19 and

\$21,718.03 for Q4 by 11/1/19

payable to Kellywood, LLC and send to:

Kellywood LLC
222 Grand Avenue
Englewood, NJ 07631

Should you have any questions, please feel free to contact our office.
Thank you.

Regards,
Stephanie

Stephanie DeSanto
Kellywood LLC
222 Grand Avenue
Englewood, NJ 07631

 **2019 Q3&Q4 Tax Bill Woodbridge Township Houlihans Kellywood.pdf**
560K

2019 3RD & 4TH Quarter Tax Bill

Case 19-12415-MFW Doc 281-1

Filed 12/13/19 Page 5 of 6

BLOCK NUMBER	350.05	LOT NUMBER	4	QUALIFICATION	
PROPERTY LOC.	US HIGHWAY 1&W KELLY ST				
ADDITIONAL LOTS	7,8				
LAND DIMENSION	1.7860				
BANK	MORTGAGE #	TAX ACCT. #	7510		
459100	680700	1139800	1139800		

DESCRIPTION	RATE PER \$ 100	AMOUNT OF TAX
MUNICIPAL TAX:	3.058	34855.08
LESS PREV. TAX		19785.93
BAL. OF MUNICIPAL TAX		15069.15
NON-MUNICIPAL TAXES:		
COUNTY TAX	1.289	14692.03
COUNTY OPEN SPACE TAX	0.109	1242.38
DISTRICT SCHOOL TAX	5.829	66438.94
MUNICIPAL LIBRARY TAX	0.119	1356.36
FIRE DIST 9	0.378	4308.44

KELLYWOOD LLC/HOULIHAN/LITTLE ITALY
222 GRAND AVE
ENGLEWOOD NJ 07631

TOT NON-MUNICIPAL TAX	7.724	88038.15
LESS PREV. TAX		42635.11
BAL NON-MUNICIPAL TAX		45403.04
TOTAL TAX		60472.19
BALANCE OF TAX DUE		60472.19

2019 4 TH QUARTER DUE NOV 1, 2019	30236.09	2019 3 RD QUARTER DUE AUG 1, 2019	30236.10
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INFORMATION FOR TAXPAYERS	DISTRIBUTION OF TAXES												
GRACE PERIOD HAS BEEN EXTENDED UNTIL AUGUST 30TH	<table border="1"> <tr> <td>County Taxes</td> <td>12.97%</td> <td>\$ 15934.41</td> </tr> <tr> <td>School Taxes</td> <td>54.06%</td> <td>\$ 66438.94</td> </tr> <tr> <td>Municipal Taxes</td> <td>28.36%</td> <td>\$ 34855.08</td> </tr> <tr> <td>FIRE DISTRICT</td> <td>4.61%</td> <td>\$ 5664.80</td> </tr> </table>	County Taxes	12.97%	\$ 15934.41	School Taxes	54.06%	\$ 66438.94	Municipal Taxes	28.36%	\$ 34855.08	FIRE DISTRICT	4.61%	\$ 5664.80
County Taxes	12.97%	\$ 15934.41											
School Taxes	54.06%	\$ 66438.94											
Municipal Taxes	28.36%	\$ 34855.08											
FIRE DISTRICT	4.61%	\$ 5664.80											

IF YOUR PAYMENT IS LATE PLEASE CALL OUR OFFICE FOR PAYMENT INSTRUCTIONS

State Aid Used to Offset Local Property Taxes:
The budgets of the government agencies funded by this tax bill include State aid used to reduce property taxes. State aid offset information for current year municipal tax bills will start becoming available at the end of July. Access the Division of Local Government Services' website at http://www.nj.gov/dca/divisions/dlgs/resources/property_tax.html to find (based on the assessed value of this parcel) the amount of State aid used to offset property taxes on this parcel.

**SEE REVERSE SIDE FOR ADDITIONAL INFORMATION
PHONE: 732-602-6010**

4 TAX COLLECTOR'S STUB - DETACH AND RETURN WITH PAYMENT 2019 4TH QUARTER TAX NOVEMBER 1, 2019 4

MAKE CHECK PAYABLE TO: TOWNSHIP OF WOODBRIDGE
MAIL TO: TOWNSHIP OF WOODBRIDGE
P.O. BOX 5004
WOODBRIDGE, NJ 07095
PHONE: 732-602-6010

BLOCK NUMBER	350.05	LOT NUMBER	4	QUALIFICATION		BANK CODE	
TAX ACCT. #	7510	TAX BILL NUMBER		TAX AMOUNT BILLED		DUE NOV 1, 2019	
						30236.09	
						ADJUSTMENT	
						INTEREST	
						TOTAL	

KELLYWOOD LLC/HOULIHAN/LITTLE ITALY
US HIGHWAY 1&W KELLY ST

PAY ON LINE
<http://www.twp.woodbridge.nj.us>
1) Click on "Taxpayer Information"
2) Find your property
3) Make payment
Call (732) 602-6010 with questions



000075100030236093

3 TAX COLLECTOR'S STUB - DETACH AND RETURN WITH PAYMENT 2019 3RD QUARTER TAX AUGUST 1, 2019 3

MAKE CHECK PAYABLE TO: TOWNSHIP OF WOODBRIDGE
MAIL TO: TOWNSHIP OF WOODBRIDGE
P.O. BOX 5004
WOODBRIDGE, NJ 07095
PHONE: 732-602-6010

BLOCK NUMBER	350.05	LOT NUMBER	4	QUALIFICATION		BANK CODE	
TAX ACCT. #	7510	TAX BILL NUMBER		TAX AMOUNT BILLED		DUE AUG. 1, 2019	
						30236.10	
						ADJUSTMENT	
						INTEREST	
						TOTAL	

KELLYWOOD LLC/HOULIHAN/LITTLE ITALY
US HIGHWAY 1&W KELLY ST

TO AVOID INTEREST CHARGES, PAYMENT MUST BE RECEIVED ON OR BEFORE 08/30/19

PAY ON LINE
<http://www.twp.woodbridge.nj.us>
1) Click on "Taxpayer Information"
2) Find your property
3) Make payment
Call (732) 602-6010 with questions



000075100030236101

PAYMENTS: Taxes are due and payable quarterly on the first days of February, May, August and November. (NJSA 54:4-66)

INTEREST: No interest will be charged if your quarterly payment is received within the tenth calendar day of the original due date as noted above. Any payments received after that date will be charged interest at the rate of 8% per annum on the first \$1,500 of the delinquency and at 18% per annum on any amount in excess of \$1,500 to be calculated from the date that the tax was originally payable, until the date of actual receipt. An additional penalty of 6% of the total amount of the delinquency will be charged on any delinquency in excess of \$10,000 that remains unpaid at the end of any fiscal year. (NJSA 54:4-67)

RECEIPTS: Please detach the appropriate stub and mail it with your check for the total amount due to the address shown on the front of this bill. If you require a separate receipt in addition to your cancelled check, you must send the entire bill, plus a stamped, self-addressed envelope.

TAX BILLS: This bill should be given to a new owner or his paying agent upon sale or exchange of this property. A charge may be imposed for a duplicate tax bill.

ASSESSMENTS: Any questions concerning your assessment should be directed to the Tax Assessor. The Collector is only responsible for the mailing of tax bills and the collection of tax payments. Tax Assessor: (732) 602-6002

FLOOD INSURANCE: You are hereby notified that residents may purchase Federal Flood Insurance. Failure by a property owner to purchase such insurance will result in the denial of Federal Disaster Assistance to any such owner in an amount equivalent to that which could have been covered by Federal Flood Insurance.

APPEALS: The deadline to appeal current year assessments is April first. The deadline to appeal added assessments is December first.

WOODBIDGE TOWNSHIP TAX COLLECTOR
P.O. BOX 5004
1 MAIN STREET
WOODBIDGE, NJ 07095
Web: www.twp.woodbridge.nj.us
Tel: (732) 602-6010

IMPORTANT - PLEASE READ CAREFULLY

MAILING INSTRUCTIONS

1. **CURRENT TAXES (ANY TAXES THAT ARE PAID WITHIN 10 DAYS OF THE ORIGINAL DUE DATE):** REMOVE THE PROPER STUB AND MAIL WITH YOUR CHECK TO:

WOODBIDGE TOWNSHIP TAX COLLECTOR
P.O. BOX 5004
WOODBIDGE, NJ 07095

2. **DELINQUENT TAXES (ANY TAXES FOR WHICH PAYMENT IS RECEIVED MORE THAN 10 DAYS AFTER THE DUE DATE):** CALL THE COLLECTORS OFFICE AT 732-602-6010 TO OBTAIN THE AMOUNT OF INTEREST TO BE INCLUDED WITH YOUR PAYMENT, AND MAIL YOUR PAYMENT AS ABOVE. MAKE YOUR CHECK PAYABLE TO: TOWNSHIP OF WOODBRIDGE AND PUT EITHER YOUR ACCOUNT NUMBER OR YOUR BLOCK AND LOT NUMBER ON THE FACE OF YOUR CHECK.

To pay current or delinquent taxes in person, bring your tax bill and your check for the full amount due to the Office of the Tax Collector, 1 Main Street, Woodbridge, NJ.

3. **CHANGES OF OWNERSHIP OR ADDRESSING OF TAX BILLS SHOULD BE REPORTED TO THE TAX ASSESSOR, 1 MAIN STREET, WOODBRIDGE, NJ 07095.**

BOARD OF EDUCATION BOARD MEMBERS	732-750-3200
COUNTY BOARD OF FREEHOLDERS	732-745-3080
FIRE DISTRICT SEE REVERSE SIDE FOR FIRE DISTRICT PHONE NUMBER	
MUNICIPALITY MAYOR AND TOWN COUNCIL	732-634-4500

IMPORTANT - PLEASE READ CAREFULLY

MAILING INSTRUCTIONS

1. **CURRENT TAXES (ANY TAXES THAT ARE PAID WITHIN 10 DAYS OF THE ORIGINAL DUE DATE):** REMOVE THE PROPER STUB AND MAIL WITH YOUR CHECK TO:

WOODBIDGE TOWNSHIP TAX COLLECTOR
P.O. BOX 5004
WOODBIDGE, NJ 07095

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To pay current or delinquent taxes in person, bring your tax bill and your check for the full amount due to the Office of the Tax Collector, 1 Main Street, Woodbridge, NJ.

3. **CHANGES OF OWNERSHIP OR ADDRESSING OF TAX BILLS SHOULD BE REPORTED TO THE TAX ASSESSOR, 1 MAIN STREET, WOODBRIDGE, NJ 07095.**

BOARD OF EDUCATION BOARD MEMBERS	732-750-3200
COUNTY BOARD OF FREEHOLDERS	732-745-3080
FIRE DISTRICT SEE REVERSE SIDE FOR FIRE DISTRICT PHONE NUMBER	
MUNICIPALITY MAYOR AND TOWN COUNCIL	732-634-4500