

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

In re:	§	
	§	CASE NO. 23-90611-MI
WESCO AIRCRAFT HOLDINGS, INC., <i>et al.</i> ¹	§	
	§	JOINTLY ADMINISTERED
Debtors.	§	
	§	CHAPTER 11

**JOINT LIMITED OBJECTION OF THE TEXAS TAXING ENTITIES TO THE
DEBTORS' MODIFIED FIRST AMENDED JOINT CHAPTER 11 PLAN OF
WESCO AIRCRAFT HOLDINGS, INC. *ET AL*
(Related Docket Entry No. 1223)**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

NOW COME the Texas Taxing Entities², secured creditors and parties in interest, and file this Joint Limited Objection to the Debtors' Modified First Joint Chapter 11 Plan of Wesco Aircraft Holdings, Inc. *Et Al* (the "Plan").

Background

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

¹ The Debtors operate under the trade name Incora and have previously used the trade names Wesco, Pattonair, Haas, and Adams Aviation. A complete list of the Debtors in these chapter 11 cases, with each one's federal tax identification number and the address of its principal office, is available on the website of the Debtors' noticing agent at <http://www.kccllc.net/incora/>. The service address for each of the Debtors in these cases is 2601 Meacham Blvd., Ste. 400, Fort Worth, TX 76137

² The Texas Taxing Entities include the following: Bexar County, City of Northlake, Dallas County, Denton County, Eagle Mountain-Saginaw ISD, Fort Bend County, Fort Bend County Municipal Utility District #138, Fort Bend County Levee Improvement District #17, Fort Bend ISD, Northwest ISD, and Tarrant County.

2. The Texas Taxing Entities hold post-petition ad valorem tax claims for the 2024 tax year, secured by liens on business personal property of the Debtors as located in applicable jurisdictions.

3. The Texas Taxing Entities' ad valorem tax liens are superior to any other secured claim in this case as provided by Article VIII, Section 15 of the Texas Constitution, and Section 32.01 and Section 32.05(b) of the Texas Property Tax Code. See also *Stanford v. Butler*, 826 F.2d 353 (5th Cir. 1987); *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). Said lien priority was maintained in the *Final Order (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Superpriority Administrative Expense Claims, (III) Granting Adequate Protection to Prepetition Secured Parties, (IV) Modifying the Automatic Stay, and (V) Granting Related Relief* entered July 10, 2023 at Docket 396 (see page 89, paragraph 45).

Limited Objections

4. The Texas Taxing Entities' claims are not specifically addressed or defined in the Plan but presumably are treated under Class 2 Other Secured Claims. "Other Secured Claim" is defined as a Secured Claim, other than a Priority Tax Claim (except as set forth in Article II.F), a DIP Financing Claim, an ABL Facility Claim or a 1L Notes Claim. For the avoidance of doubt, no 1.25L Notes Claim, 2024 Unsecured Notes Claim, 2026 Unsecured Notes Claim, 2027 Unsecured Notes Claim or PIK Notes Claim. Class 2 Treatment is:

Except to the extent previously paid during the Chapter 11 Cases or the holder of an Allowed Other Secured Claim and the Debtors (with the consent of the Required Consenting 1L Noteholders, not to be unreasonably withheld) agree to less favorable treatment for such holder, each holder of an Allowed Other Secured Claim, at the option of the Debtors (with the consent of the Required Consenting 1L Noteholders, not to be unreasonably withheld), in full and final satisfaction of

its Other Secured Claim, (a) shall receive Cash in an amount equal to the Allowed amount of its Other Secured Claim on the later of the Effective Date and the date that is 10 Business Days after the date such Other Secured Claim becomes an Allowed Claim; (b) shall receive, on the Effective Date or as soon as reasonably practicable thereafter, delivery of, or shall retain, the applicable collateral securing its Allowed Other Secured Claim up to the secured amount of such Claim pursuant to section 506(a) of the Bankruptcy Code and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) shall have its Other Secured Claim Reinstated as of the Effective Date; or (d) shall receive such other treatment sufficient to render its Allowed Other Secured Claim Unimpaired.

5. The Texas Taxing Entities object to the confirmation of the Plan in that it fails to meet the requirements for confirmation under 11 U.S.C. §1129(a) and §1129(b) by failing to provide for express lien retention. The Plan should expressly provide that the Texas Taxing Entities retain their tax year 2024 liens against the applicable collateral until the 2024 taxes are paid in full, including any and all interest and penalties that accrue pursuant to the Texas Tax Code. Furthermore, the Texas Taxing Entities object to confirmation of the Plan to the extent it provides for the vesting of all property in each Estate of the applicable Reorganized Debtor free and clear of liens, claims or other encumbrances.

6. The Texas Taxing Entities object to the confirmation of the plan to the extent it fails to provide for the payment of post-petition taxes in the ordinary course of business prior to delinquency, making the failure to pay such taxes an event of default under the Plan.

7. Lastly, the Texas Taxing Authorities object to the Plan to the extent it purports to impose a requirement they file requests for allowance of administrative expense or an administrative expense claim in order for the 2024 or subsequent taxes to be paid. The Debtors should be required to pay the post-petition taxes in the ordinary course of business without the necessity of local governments having to file administrative claims. 11 U.S.C. § 503(b)(1)(D).

8. Inclusion of the following language in the confirmation order would resolve this objection:

“The Reorganized Debtors shall pay all *ad valorem* taxes that become due post-confirmation to the Texas Taxing Authorities [fn1] timely prior to the state law delinquency date in the ordinary course of business, beginning with the 2024 tax year taxes. If they fail to do so, all penalties and interest allowable under the Texas Tax Code shall accrue thereon until the Reorganized Debtors fully pay the applicable taxes. If the Reorganized Debtors fail to pay the 2024 or a subsequent year’s taxes timely, the automatic stay as to the applicable unpaid tax account, collateral, and taxing jurisdiction(s) shall automatically terminate, and the applicable taxing jurisdiction(s) shall be entitled to pursue all rights and remedies under the Texas Property Tax Code in state district court without further order of this Court or further notice to the Reorganized Debtors. The Texas Taxing Authorities shall not be required to file an administrative expense claim or request for payment pursuant to 11 U.S.C. 503(B)(1)(D) for the 2024 or subsequent year taxes. The Texas Taxing Authorities shall retain their tax year 2024 *ad valorem* tax liens until the 2024 taxes have been fully satisfied.

[fn1] Texas Taxing Authorities is defined as: Bexar County, City of Northlake, Dallas County, Denton County, Eagle Mountain-Saginaw ISD, Fort Bend County, Fort Bend County Municipal Utility District #138, Fort Bend County Levee Improvement District #17, Fort Bend ISD, Northwest ISD, Tarrant County.”

Prayer

WHEREFORE, the Texas Taxing Entities respectfully request that the Court deny confirmation of the Plan, until and unless the Objection is remedied, and grant the Texas Taxing Entities any other such relief as is just.

Respectfully submitted,

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

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CERTIFICATE OF SERVICE

The undersigned does hereby certify that a true and correct copy of the foregoing document was served on all parties that have requested and consented to Electronic Notification through the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on March 1, 2024, including but not limited to:

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Also on March 1, 2024, I have mailed a copy by First Class US Mail Postage Prepaid to:

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