

John P. Dillman  
Tara L. Grundemeier  
Linebarger Goggan Blair & Sampson, LLP  
4828 Loop Central Drive; Suite 600  
Houston, Texas 77081  
Telephone: 713-844-3478  
Facsimile: 713-844-3503  
Email: john.dillman@lgbs.com  
Email: [tara.grundemeier@lgbs.com](mailto:tara.grundemeier@lgbs.com)

COUNSEL FOR THE TAXING AUTHORITIES

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

IN RE:	§	<b>Chapter 11</b>
	§	
THE LASALLE GROUP, INC., et al.,	§	<b>Case No. 19-31484-sgj-11</b>
	§	
<i>Debtors.</i>	§	<b>Jointly Administered</b>
	§	

**OBJECTION OF CYPRESS-FAIRBANKS INDEPENDENT SCHOOL DISTRICT,  
DALLAS COUNTY, FORT BEND COUNTY, HARRIS COUNTY, IRVING  
INDEPENDENT SCHOOL DISTRICT AND MONTGOMERY COUNTY TO  
DEBTORS’ MOTION FOR ORDER APPROVING SALE OF CERTAIN OF THE  
DEBTORS’ ASSETS AND OTHER INTERESTS FREE AND CLEAR OF ALL  
LIENS, CLAIMS, ENCUMBRANCES**

**To the Honorable Stacey G.C. Jernigan,  
United States Bankruptcy Judge:**

NOW COME, Cypress-Fairbanks Independent School District, Dallas County, Fort Bend County, Harris County, Irving Independent School District and Montgomery County (collectively, the “Taxing Authorities”), secured creditors in the above-numbered and styled bankruptcy case, and file this objection to *Debtors’ Motion for Order Approving Sale of Certain of the Debtors’ Assets and Other Interests Free and Clear of all Liens, Claims, Encumbrances* (the “Motion”) and respectfully represent:

1. The Taxing Authorities are fully secured *ad valorem* tax creditors of the Debtors, holding prior perfected liens against property of the Estate. The Taxing Authorities' claims are secured by first priority liens pursuant to the Texas Tax Code § 32.01, *et seq.*

2. Section 32.01 provides:

(a) On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property, whether or not the taxes are imposed in the year the lien attaches. The lien exists in favor of each taxing unit having power to tax the property.

(b) A tax lien on inventory, furniture, equipment and other personal property is a lien in solido and attaches to inventory, furniture, equipment, and other personal property that the property owner owns on January 1 of the year the lien attaches or that the property owner subsequently acquires.

(d) The lien under this section is perfected on attachment and...perfection requires no further action by the taxing unit.

TEX TAX CODE ANN § 32.01(a)-(b), (d).

3. Further, pursuant to section 32.05 (b) of the Texas Property Tax Code, Harris County's liens are superior to the claims of creditors of the property's owners and to claims of persons holding liens on the property. Section 32.05(b) provides that:

[A] tax lien provided by this chapter takes priority over the claims of any creditor of a person whose property is encumbered by the lien and over the claim of any holder of a lien on property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien.

TEX. PROP. TAX CODE § 32.05(b); *See also Central Appraisal District of Taylor County v. Dixie-Rose Jewels, Inc.*, 894 S.W.2d 841 (Tex. App. – Eastland 1995, no writ) (bank's

foreclosure of its purchase money lien on personal property did not defeat or destroy the taxing unit's statutory tax lien).

4. The Taxing Authorities have filed original secured prepetition proofs of claim in the amount of \$598,166.57 for ad valorem taxes owed on the Debtors' real and personal property (the "Assets") for tax years 2017-2019.

#### Objection

5. Although the relief requested in the Motion provides that the tax liens attach to the sale proceeds, this does not adequately protect the tax liens and claims as required by 11 U.S.C. § 363(e). The Taxing Authorities' claims are secured by senior tax liens. The proceeds from the sale of the Assets constitutes the cash collateral of the Taxing Authorities and they object to the use of their collateral to pay any other creditors of this estate prior to their claims being paid in full. The proceeds from the sale of the Taxing Authorities' collateral should not distributed to any other party unless and until their claims, including any interest thereon as allowed under 11 U.S.C. §§ 506(b), 511 and 1129, are paid in full. Accordingly, the Taxing Authorities request that an ad valorem tax reserve be established in the amount of \$598,166.57.

6. In the event of a credit bid, there may be no sale proceeds to which the liens can attach or which may be used to pay the Taxing Authorities' claims. In the event of a credit bid by a junior lienholder, the property should be sold subject to the Taxing Authorities' liens, with the purchaser explicitly assuming the responsibility for paying the taxes, or the liens should be paid at closing. A credit bid by a junior lienholder is an attempt to avoid the consequences of foreclosing/seizing the property under applicable non-bankruptcy law which would require it to take the property subject to the tax liens.

There is no legal or equitable basis for thus subordinating or avoiding the tax liens. Absent provisions for the adequate protection of the tax liens, the Taxing Authorities object to the approval of a sale on a credit bid.

7. Lastly, the Taxing Authorities object to the sale of the Assets free and clear of their 2019 tax liens. Since the 2019 taxes are not due until January 2020, the Taxing Authorities request that the sale of the Assets be made subject to the 2019 tax liens. Unless the liens for the 2019 taxes are expressly retained, it may prove impossible for the Taxing Authorities to collect the 2019 taxes if they should become delinquent subsequent to January 31, 2020.

**WHEREFORE PREMISES CONSIDERED,** the Taxing Authorities respectfully request that this Court deny the Motion and that it grant Harris County, such other and further relief, at law or in equity, as is just.

Dated: August 21, 2019

Respectfully submitted,

**LINEBARGER GOGGAN  
BLAIR & SAMPSON, LLP**

*/s/ Tara L. Grundemeier*

**JOHN P. DILLMAN**

Texas State Bar No. 05874400

**TARA L. GRUNDEMEIER**

Texas State Bar No. 24036691

Post Office Box 3064

Houston, Texas 77253-3064

(713) 844-3478 Telephone

(713) 844-3503 Telecopier

[john.dillman@lgbs.com](mailto:john.dillman@lgbs.com)

[tara.grundemeier@lgbs.com](mailto:tara.grundemeier@lgbs.com)

*Counsel for the Taxing Authorities*

**CERTIFICATE OF SERVICE**

The undersigned does hereby certify that a true and correct copy of the foregoing was served upon the entities listed below by either electronic court filing or by email on August 21, 2019:

Debtor

The LaSalle Group, Inc.  
545 E. John Carpenter Frwy.  
Suite 500  
Irving, Texas 75062

Counsel for Debtors

Vickie L. Driver  
Christina W. Stephenson  
Christopher M. Staine  
Crowe & Dunlevy, P.C.  
1919 McKinney Avenue, Suite 100  
Dallas, Texas 75201

United States Trustee

Stephen McKitt  
Office of the US Trustee  
1100 Commerce Street, Room 976  
Dallas, Texas 75242

/s/ Tara L. Grundemeier  
**Tara L. Grundemeier**