IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	§	
	§	Chapter 11
WW INTERNATIONAL, *et al.*[1]	§	
	§	Case No. 25-10829 (CTG)
Debtors.	§	
	§	(Jointly Administered)

JOINT LIMITED OBJECTION OF THE TEXAS TAXING ENTITIES TO THE DEBTORS' JOINT CHAPTER 11 PLAN
(Related Docket Entry No. 18)

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

NOW COME the Texas Taxing Entities[2], secured creditors and parties in interest, and file this *Joint Limited Objection to the Debtors' Joint Chapter 11 Plan* (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 taxes on taxable property within their boundaries, in order to operate and discharge their public purposes.

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[1]The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: (i) Number Holdings, Inc. (1463); (ii) 99 Cents HoldCo LLC (3987); (iii) 99 Cents Only Stores LLC (1605); (iv) 99 Cents Only Stores Texas, Inc. (1229); (v) 99 Cents PropCo LLC (7843); and (vi) Bargain Wholesale LLC (8030). The Debtors' mailing address is 10105 E Via Linda, Ste 103 PMB 1207, Scottsdale, AZ 85258.

[2] Texas Taxing Authorities means Tax Appraisal District of Bell County, Denton County, Williamson County, City of Webster, Lone Star College System, Harris Co ESD #48, Harris Co ESD #16, Harris Co ESD #11, Katy ISD, Klein Independent School District, Kleinwood Municipal Utility District, Clear Creek Independent School District, West Memorial Municipal Utility District, City of Burleson, Burleson ISD, Johnson County, Plano ISD, Bexar County, Lubbock CAD.

2. The Texas Taxing Entities hold secured pre-petition tax claims for the 2025 and prior tax years (the "Tax Claims"), which are secured by tax liens on the tangible business personal property of the Debtors.

3. The Texas Taxing Entities' 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 (Bktcy W.D. Tex. 1995).

Limited Objections

4. The Tax Claims of the Texas Taxing Entities are not specifically addressed or defined in the Plan but presumably are treated under Class 1 Other Secured Claims. In Article I B 1.91 of the Plan, "Other Secured Claim" is defined as "any Secured Claim against any Debtor other than First Lien Claims."

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 liens against the collateral until all Tax Claims, along with applicable interest, are paid in full. 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, unless otherwise provided in the Plan.

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

> *Notwithstanding anything to the contrary in the Plan or this Confirmation Order, the Allowed Claims of the Texas Taxing Authorities (insert footnote) with respect to ad valorem taxes (the "Texas Taxing Authority Claims") shall be classified as Class 1 - Other Secured Claims. The Texas Taxing Authority Claims will be paid the later of the Effective Date or when due pursuant to applicable non-bankruptcy law. The Texas Taxing Authority Claims shall include all accrued interest properly charged under applicable non-bankruptcy law through the date of payment. The prepetition tax liens of the Texas Taxing Authorities shall be expressly retained in accordance with applicable non-bankruptcy law until the applicable Texas Taxing Authority is paid in full. The Texas Taxing Authorities' lien priority shall not be primed or subordinated by any exit financing entered into in conjunction with the confirmation of the Plan or otherwise. In the event that collateral that secures a Texas Taxing Authority Claim is returned to a creditor holding a lien that is junior to that of the Texas Taxing Authorities, the Debtors shall first pay all ad valorem property taxes that are secured by such collateral. All rights and defenses of the Debtors under applicable law are reserved and preserved with respect to such Texas Taxing Authority Claims.*
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> *Footnote:* *Tax Appraisal District of Bell County, Denton County, Williamson County, City of Webster, Lone Star College System, Harris Co ESD #48, Harris Co ESD #16, Harris Co ESD #11, Katy ISD, Klein Independent School District, Kleinwood Municipal Utility District, Clear Creek Independent School District, West Memorial Municipal Utility District, City of Burleson, Burleson ISD, Johnson County, Plano ISD, Bexar County, Lubbock CAD.*

Prayer

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

Dated: June 6, 2025

Respectfully submitted,

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

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<u>CERTIFICATE OF SERVICE</u>

The undersigned does hereby certify that a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the District of Delaware on June 6, 2025.

<u>/s/ Julie Anne Parsons</u>
Julie Anne Parsons