

HEARING DATE AND TIME: OCTOBER 26, 2010 AT 9:45 A.M.
OBJECTION DEADLINE: OCTOBER 19, 2010 AT 4:00 P.M.

KILPATRICK & ASSOCIATES, P.C.
903 N. Opdyke Road, Suite C
Auburn Hills, MI 48326
RICHARDO I. KILPATRICK, ESQ.
LEONORA K. BAUGHMAN, ESQ.
(248) 377-0700

ATTORNEYS FOR THE CITY OF DETROIT

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

GENERAL MOTORS CORP., *et al.*,

Debtors.

Chapter 11

Case No. 09-50026 (REG)

(jointly administered)

**CITY OF DETROIT'S RESPONSE TO DEBTORS' NINETY-EIGHTH
OMNIBUS OBJECTION TO CLAIMS (Incorrectly Classified Claims)**

NOW COMES Creditor, the City of Detroit, by and through counsel, Kilpatrick & Associates, P.C., and for its Response to the Debtors' Ninety-Eighth Omnibus Objection to Claims says as follows:

1. The City of Detroit, through the Board of Water Commission, ("City of Detroit") provides water and sewer services throughout southeastern Michigan through the Detroit Water & Sewage Department.
2. On or about November 12, 2009, the Detroit Water & Sewerage Department filed a secured Proof of Claim in the amount of \$4,939.45 ("Claim No. 23034").

3. On or about November 12, 2009, the Detroit Water & Sewerage Department filed a secured Proof of Claim in the amount of \$423,595.65 (“Claim No. 23035”).

4. On or about September 21, 2010, the Debtors filed the Debtors’ Ninety-Eighth Omnibus Objection to Claims (“98th Omnibus Objection”).

5. In the 98th Omnibus Objection, the Debtors assert that Claim No. 23034 and Claim No. 23035 should be classified as unsecured.

Municipal Water Liens Act

6. At the time of the Debtors’ filing, the Debtors owned multiple parcels of real property located in the City of Detroit which received water and sewage system service from the City of Detroit.

7. The collection of water or sewage system rates, assessments, charges, or rentals is governed by the Municipal Water Liens Act, MCL § 123.161, et seq.

8. A municipality which has operated or operates a water distribution system or a sewage system shall have a lien on the parcel of land to which the sewage system service or water was supplied, effective immediately upon distribution of the water or provision of the sewage system service. MCL § 123.162.

9. The lien for water and sewage system services has priority over all other liens except taxes or special assessments. MCL § 123.165.

Argument

10. The Debtors sold some of the real property to which the liens for water and sewerage attached.

11. The Claimant raised the concern about the liens for water and sewerage in the Objection to Sale Motion which it filed on June 19, 2009. Docket 2000.

12. As a result of the City of Detroit's objection, the Debtors agreed that any lien for pre-petition water and sewerage bills would attach to Excluded Assets and the sales proceeds with respect to the collateral. See Omnibus Reply of Debtors' to Objections to Debtor's Sale Motion.

13. The Purchaser of the real property has rejected responsibility for the payment of any pre-petition water and sewerage bills, thereby confirming that the water and sewerage bills were not Assumed Liabilities as that term is defined in the Master Sale and Purchase Agreement. See July 14, 2010 letter from Clifford T. Wimmer, attached as Exhibit A.

14. The Detroit Water and Sewerage Department is entitled to an allowance of Claim No. 23034 and Claim No. 23035 each as a secured claim pursuant to MCL § 123.162.

WHEREFORE, the City of Detroit requests that the objection to Claim No. 23034 and Claim No. 23035 be denied, that Claim No. 23034 and Claim No. 23035 be allowed as secured claims and for such other and further relief as is just and necessary.

Respectfully submitted,

KILPATRICK & ASSOCIATES, P.C.
Attorneys for City of Detroit

/s/ Leonora K. Baughman
RICHARDO I. KILPATRICK (P35275)
LEONORA K. BAUGHMAN (P33534)
903 N. Opdyke Road, Suite C
Auburn Hills, MI 48326
(248) 377-0700
ecf@kaalaw.com

Dated: October 15, 2010



General Motors LLC
WFG - Facility Procurement & Contracts
Warren Tech Center
MC: 480-111-W65
30200 Mound Road
Warren, MI. 48090-9010

7/14/2010

Ms. Pamela Turner
City of Detroit Water & Sewerage Department
Office of the Director
735 Randolph, Room 506
Detroit, MI. 48226

Re: Account No. 030-1020.301, Service Address 2500 E. Grand Blvd., Detroit MI.

Dear Ms. Turner:

I am writing this letter as a follow up to our discussion at the 2010 Greater Detroit Chamber of Commerce meeting in connection with the above referenced matter. We have had a number of communications with the City of Detroit Water and Sewerage Department, (DWSD), and have been unable to resolve billing issues at the GM Assembly Plant @ 2500 E. Grand Blvd. in Detroit. The billing errors are a result of confusion pertaining to Motors Liquidation Company's, ("MLC"), June 1, 2009, Chapter 11 bankruptcy filing and the purchase of the facility by its new owner, "General Motors Company", on July 10, 2009.

On June 1, 2009, MLC, (f/k/a General Motors Corporation), filed a voluntary petition for relief under Chapter 11 of title 11 of the United States Code, (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Southern District of New York, (the "Bankruptcy Court"). On July 5, 2009, the Bankruptcy Court approved the sale of certain assets including the facility located at 2500 E. Grand Blvd., Detroit Michigan to NGMCO, Inc. The sale transaction occurred on July 10, 2009, and NGMCO, Inc. was renamed General Motors Company.

Effective July 10, 2009, General Motors Company is the new owner of the facility located at 2500 E. Grand Blvd., in Detroit, Michigan. After several discussions between General Motors Company and DWSD, on August 31, 2009, General Motors Company notified DWSD by letter that it was the new owner of the service location and requested that a new account be opened in its name. The new account should not reflect any of Motors Liquidation Company's outstanding balances prior to the July 10, 2009 purchase date. DWSD has filed claims for Motors Liquidation Company's outstanding invoices at the website titled motorsliquidationdocket.com. Claim # 23034 in the amount of \$4,939.45, and Claim # 23035 in the amount of \$423,595.65.

This letter is a request by General Motors Company to DWSD to remove from its current invoices any of Motors Liquidation Company's outstanding balances including a Previous Activity Balance Brought Forward for sewerage in the amount of \$31,070.80 for the following reasons.

- 1.) DWSD should include this Previous Activity amount in its claim with the bankruptcy court, Detroit Water & Sewerage Department Claim 23034 and 23035 against Motors Liquidation Company.
- 2.) DWSD's claim that occurred in May 2009 is against Motors Liquidation Company, and does not apply to General Motors Company, which came into existence on July 10, 2010. GM's "Previous Activity Amount" belongs to Motors Liquidation Company, and needs to be removed from the General Motors Company invoices.
- 3.) If the DWSD wants to send invoices to Motors Liquidation Company for the "Previous Activity" Amounts until DWSD's bankruptcy claim is resolved, DWSD should send invoices directly to Motors Liquidation Company, and contact its attorney, Mr. Pablo Falabella. Mr. Falabella's telephone number is (212) 310-8050, fax number is (212) 310-8007, and his email is Pablo.falabella@weil.com.

If the DWSD has any questions about this request, please have your DWSD attorney contact our General Motors Legal Staff Attorney, Laura Romeo, Esq. at (313) 665-4876, or email laura.romeo@gm.com.

Please feel free to contact me if you have any questions.

Thanks for your attention to this matter:

Clifford T. Wimmer
General Motors Worldwide Facilities Group
Commodity Regulatory & Supply Management
Procurement Coordinator
Phone # 586-298-0847
Fax # 586-986-4609
Email : clifford.t.wimmer@gm.com

Cc : Mrs. AB Covington
Mr. G. Watkins