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By ECF and Email

The Honorable Martin Glenn
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, New York 10004

Re: *Motors Liquidation Company Avoidance Action Trust v.
JPMorgan Chase Bank, N.A.*, Case No. 09-00504 (MG)

Dear Judge Glenn:

We represent plaintiff in the above action and also write jointly on behalf of defendant JPMorgan and the Defendants Steering Group to advise the Court of an issue that has arisen concerning the upcoming plant inspection scheduled for this coming Tuesday, May 24, at the Lansing Delta Township Assembly and Regional Stamping plants located in Lansing, Michigan. Because the inspection has taken the parties weeks to schedule and arrange with GM, and requires a substantial commitment of resources by all parties and by GM, the Court's prompt assistance is required. As described below, the parties have reached an agreement that would resolve the issue and are requesting that the Court proceed on this agreed-upon basis.

BACKGROUND

As the Court is aware, by scheduling order entered on May 4, 2016, the Court implemented a framework through which the issues of fixture/non-fixture classification and valuation are to be resolved with respect to forty assets in dispute. The order provides for three plants to be inspected, including the Lansing plant.

Plaintiff's Position. It has come to plaintiff's attention that the relevant fixture filing for the Lansing plant relied on by JPMorgan identifies (by both street address and formal legal description) a vacant parcel of land in Lansing, Michigan, that does not contain the Lansing plant and, in fact, is on the opposite side of the road from the plant. Accordingly, it is plaintiff's position that there are no assets at all covered by that fixture filing and no assets at the Lansing plant that could possibly be part of the "surviving collateral" in this case, regardless of whether those assets are (or are not) fixtures. In its pretrial brief (due on November 18, 2016), plaintiff plans to contend that there is no surviving collateral at the Lansing plant, because there are no assets covered by the relevant fixture filing.

In the event that plaintiff prevails on its argument about the Lansing fixture filing, then the Court would not necessarily be required to reach the question of whether or not the disputed assets at the Lansing plant are fixtures. Plaintiff is concerned that such an outcome could undermine the 40-asset approach reflected in the scheduling order by removing a significant number of assets from consideration with regard to the issue of fixture classification. These assets are particularly important to the success of the process envisioned by the scheduling order because Lansing is the only assembly plant among the three scheduled for inspection.

Defendants' Position. Defendants' position is that the scope of the metes and bounds description and address in the Lansing Delta Township fixture filing does not alter the Term Lenders' perfected security interest in the fixtures at Lansing Delta Township Assembly and Regional Stamping plants. Exhibit A to the fixture filing, which describes the covered real estate, includes a stamp that references "GM Assembly Lansing Delta." This stamp put any searcher on notice that the fixture filing covered the Lansing Delta Township assembly facility, a facility that is "appurtenant" and "related to the Regional Stamping plant. Accordingly, under Michigan law, the fixture filing perfected the Term Lenders' security interest.

While defendants understand plaintiffs' concern, the essential goal of the Court's exercise is to establish which assets of a representative sample are fixtures and, for the fixtures, establish their value. That goal can be accomplished at the two Lansing plants even if it were determined (we submit, contrary to Michigan law) that the security interest in those fixtures was not perfected.

JOINT PROPOSAL

We have conferred with JPMorgan and the Defendants Steering Committee about this matter, and we have all agreed to jointly request that the Court decide the fixture classification and valuation issues with respect to any designated assets at the Lansing plant, whether or not plaintiff prevails on its argument that there are no assets at the Lansing plant covered by the fixture filing. Therefore, notwithstanding any dispute as to the effect of the Lansing fixture filing, the parties submit that a fixture-classification and valuation ruling as to Lansing assets would assist the parties in attempting to reach an overall resolution of this action.

We respectfully request a brief telephone conference with the Court to address this issue.

Respectfully,

/s/Eric B. Fisher

Eric B. Fisher

cc: Marc Wolinsky, Esq.
Counsel of Record (via ECF)