



TO: Members of Troy City Council
FROM: Lori Grigg Bluhm, City Attorney
Christopher J. Forsyth, Assistant City Attorney
DATE: July 2, 2007
SUBJECT: In re Collins and Aikman Corporation, et al.

The City of Troy has recently received a complaint for an adversary proceeding in the continuing Collins and Aikman Chapter 11 bankruptcy case. According to the allegations contained in this complaint, Collins and Aikman is seeking to have the 2004 and 2005 property taxes (totaling \$201,997.83), declared as unsecured liens. Since the taxes have already been paid, it is possible that this adversary proceeding was filed in error, since the same petition was filed against other Michigan municipalities. We have asked for an immediate dismissal of the case, and the attorneys representing Collins and Aikman are considering our request. In the meantime, our response to the complaint is due on or before July 16, 2007. In the event that Collins and Aikman does not voluntarily dismiss this case against the City, we would request permission to join in a coordinated defense with other Michigan municipalities, who have hired Sandra Hamilton (Nantz, Litowich, Smith, Girard and Hamilton, P.C.) to represent their interest. Ms. Hamilton is a very respected attorney who represents other municipalities in the bankruptcy courts. Although the cost of this coordinated defense is unlikely to exceed \$10,000, litigation is sometimes unpredictable. Therefore, we have proposed a resolution hiring Sandra Hamilton for your consideration.

If you have any questions, please let us know.

Sandra S. Hamilton

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Sandra S. Hamilton has a B.A. from Alma College and a J.D. from Wake Forest University. She has considerable experience in all aspects of commercial litigation in both state and federal courts. In recent years, a significant portion of her practice has been devoted to bankruptcy, collection, creditors' rights and contractual disputes.

