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October 6, 2009

Mr. Ronald D. Leonhardt, City Clerk
City Clerk's Office
Room 205, City Hall

Re: Resolution approving and authorizing the execution of a settlement agreement for delinquent real estate taxes in the matter of In Re: Old Carco LLC f/k/a Chrysler LLC. for property located at 3280 S. Clement Avenue

Dear Mr. Leonhardt:

Enclosed for your consideration is a resolution approving and authorizing the execution of a settlement agreement in the matter of In Re Old Carco LLC f/k/a Chrysler LLC (hereinafter Chrysler).

On April 30, 2009, Chrysler filed for Chapter 11 Bankruptcy protection in the Southern District of New York. The City retained the law firm of Tarter, Krinsky, & Drogin, LLP based in New York to represent us in this matter. As customary, once the City received notice that Chrysler filed bankruptcy; the City filed a claim in Bankruptcy Court to preserve its ability to collect real estate taxes.

As it relates to the real estate taxes for the above referenced location, the City submitted a claim in the amount of \$88,665.33 for the 2008 tax levy year. Chrysler has offered to pay the City \$85,000 to settle this matter immediately versus receiving payment over several years or the duration of the bankruptcy. This figure represents the amount of principal and excludes the majority of interest and penalties.

We have been advised by our counsel that the City could arguably challenge Chrysler's refusal to pay post-petition interest in full. However, since interests and penalties are only \$3,818.13 combined, it is likely that the City would spend more than that amount in attorneys' fees defending our position.

Because, the City would receive almost full payment of what is owed immediately and the cost of attorneys' fees and litigation far outweigh the difference between what is owed and what is offered, we believe that it is in the best interest of the City to accept this offer and it is recommended that the remaining delinquent interest, penalties, fees, and costs be cancelled.

Very truly yours,

GRANT F. LANGLEY
City Attorney

MEGAN T. CRUMP
Assistant City Attorney

Enclosure

c: Mr. Jim Klajbor
Ms. Linda Roth esq.

1060-2009-2523/150579