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**VIA EMAIL AND ELECTRONIC FILING**

Deborah S. Hunt, Clerk
U.S. Court of Appeals for the Sixth Circuit
540 Potter Stewart U.S. Courthouse
100 E. Fifth Street
Cincinnati, Ohio 45202-3988
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Re: *In re City of Detroit*,
Nos. 14-1208, 14-1209, 14-1211, 14-1212, 14-1213, 14-1214, 14-1215

Dear Ms. Hunt:

On behalf of the City of Detroit, the State of Michigan, the Michigan Attorney General, and the Appellants in these consolidated appeals (except Nos. 14-1213 and 14-1215), we write in response to Judge Gibbons' July 29, 2014 letter. We respectfully request that the Court hold these appeals in abeyance pending conclusion of the plan confirmation process. The parties today also are jointly moving to stay these appeals. We believe that any action by this Court other than holding these appeals in abeyance until after plan confirmation would significantly undermine a sensitive settlement and court-ordered mediation process, and would jeopardize both the City's expeditious emergence from bankruptcy and over $800 million of critical funding commitments from the State of Michigan and other outside sources. Holding the appeals in abeyance also ensures that this Court will not unnecessarily decide important state and federal constitutional issues. And holding the appeals in abeyance will not interfere with this Court's jurisdiction to review the bankruptcy court's December 5, 2013 eligibility decision after plan confirmation. While the Appellants in Nos. 14-1213 and 14-1215 wrote their own letters, they also asked that their appeals be held in abeyance.

The Court's July 29 letter requested Appellants' "positions with respect to dismissal and the timing of any dismissal." The City's current proposed plan of adjustment reflects significant settlements with most of the Appellants regarding claims by more than 32,000 City workers and retirees and exceeding $9 billion for promised pension and health benefits. As the City informed this Court by July 22, 2014 letter, these workers and retirees voted overwhelmingly in favor of the City's plan. But even with the support of workers and retirees, the settlements and plan cannot become final

until the bankruptcy court confirms the plan under 11 U.S.C. § 943(b). Appellants accordingly will dismiss these appeals pursuant to agreements with the City and the State if and when there is final confirmation of the City's proposed plan (which will incorporate the settlements and the outside funding commitments known as the "Grand Bargain"). Most of the Appellants already have settled and support the City's proposed plan, and have agreed to dismiss their appeals at that time. The Appellants that have not yet settled hope and expect to do so soon. Their settlements would involve similar agreements regarding dismissal of their appeals after confirmation of the plan.

If this Court declines to stay or hold these appeals in abeyance and instead renders a disposition on the merits, the Court's decision, regardless of outcome, seriously threatens to destabilize the plan confirmation process, including the existing settlements and all ongoing settlement discussions -- to the obvious detriment of the City, its employees and retirees, other settling parties, and the State of Michigan. Other settling parties include financial creditors of the City holding claims totaling approximately $875 million -- *i.e.*, Unlimited Tax General Obligation Bond Claims, Limited Tax General Obligation Bond Claims, COP Swap Claims, and the Downtown Development Authority.

A merits ruling by this Court could jeopardize the key bankruptcy settlements reached with most (and being discussed with three) of the Appellants. *In that instance, the City could lose over $800 million in contributions from the State of Michigan in exchange for (among other items) a cessation of litigation, and from private foundations, Detroit Institute of Art supporters, and private individuals in exchange for the preservation of the Detroit Institute of Art, as part of the so-called Grand Bargain*. It bears repeating that the parties seek adjournment of oral argument and abeyance of the appeals because retirees and workers have voted for the plan, and the parties do not want to upset the settlement and plan confirmation process.

At the same time, a decision by this Court on the merits would unnecessarily resolve important questions of federal and state constitutional law. The Court likely will not have to decide these issues if the Court gives the parties additional time to finalize their settlements -- because, as already stated, Appellants will dismiss their objections to eligibility once the settlement and plan are finalized. It would be extraordinary for this Court to reach out and decide the meaning of a state constitutional provision protecting pensions -- a decision that will have ramifications well beyond this case -- with the parties on the eve of finalizing a consensual resolution.

The City, the State, the Attorney General, and Appellants believe that voluntary dismissal of these appeals at this time is not appropriate. Nor is voluntary dismissal sufficient to preserve Appellants' positions in the event the bankruptcy court confirms a

plan that is different from the plan for which the retirees and workers voted. Holding the appeals in abeyance is the only approach that does not jeopardize the settlements and the Grand Bargain. And although we hope and expect the bankruptcy court will confirm the proposed plan on the agreed terms, we cannot guarantee that outcome. Appellants thus do not want to give up their rights in these appeals when settlements with the City are subject to contingencies beyond their control (and beyond the control of the City). In the event the bankruptcy court confirms a plan that does not reflect the settlements and Grand Bargain, keeping these fully-briefed appeals in place ensures that the Court promptly could hear oral argument and decide the eligibility issues. By contrast, if these eligibility appeals were dismissed, Appellants would need to begin the appeal process anew, raising the same eligibility issues in the context of an appeal from any order confirming a plan. Appellants would be required either to appeal to the District Court under 28 U.S.C. § 158(a) or again to seek this Court's permission to appeal directly under § 158(d)(2). This would be inefficient and could embroil the parties and the Court in litigation over equitable mootness.

If the Court nevertheless intends to dispose of these appeals on the merits before plan confirmation rather than holding the appeals in abeyance, Appellants and the City request oral argument in person, on August 7 or at another time convenient for the Court. *See* Fed. R. App. P. 34(a). We do not believe that a telephonic argument would suffice in a case of such magnitude and enormous public interest and importance.

We greatly appreciate the Court's patience and attention to this important case.

Respectfully submitted,

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/s/ Ryan C. Plecha
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