



FOR IMMEDIATE RELEASE – October 28, 2008

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MOTION FOR LEAVE TO APPEAL BANKRUPTCY RULING GRANTED

Yesterday, the Bankruptcy Appellate Panel of the United States Court of Appeal for the Ninth Circuit (“BAP”) granted the motion for leave to appeal the Order for Relief filed by Chief Judge Michael McManus on September 8, 2008. The Vallejo Police Officer’s Association, the International Association of Fire Fighters and the International Brotherhood of Electrical Workers filed the motion on September 18, 2008, seeking permission to appeal the ruling that the City of Vallejo was eligible for relief under chapter 9 of the Bankruptcy Code. The short BAP order merely stated that “leave to appeal is warranted,” and did not elaborate on that terse statement.

The granting of leave to appeal simply means that the BAP will consider the appeal now rather than at the end of the bankruptcy case. It does not mean that the appellate court will reverse Judge McManus. Indeed, the City remains highly confident that the Order for Relief will be affirmed after the matter is fully briefed and argued.

The ruling by the BAP schedules various deadlines, the key ones being that the unions’ opening brief must be filed on November 26th, responsive briefs are due on December 17th and the unions’ reply brief is due on December 31st. The City anticipates that oral argument will be scheduled for approximately two months thereafter, and that a ruling will be issued a month or two later.

The City is disappointed with the BAP’s decision to hear the appeal, as it will cause both the City and the unions to expend additional time and resources on litigation.

This finding does not impact the ongoing bankruptcy case, and the proceedings with respect to the City’s motion for approval of its rejection of the collective bargaining agreements ought not change.

More information regarding the City of Vallejo bankruptcy can be found on the city website at www.ci.vallejo.ca.us