

City of Detroit Closes Four Bond Financings Totaling \$1.28 Billion to Fund Revitalization Efforts and Creditor Settlements

Miller Canfield Acts as Detroit's Bond Counsel on Historic Transactions

December 10, 2014

The City of Detroit today closed four transactions totaling \$1.28 billion to fund revitalization efforts and creditor settlements, marking the City's emergence from bankruptcy and the conclusion of the largest, most complex municipal bankruptcy in U.S. history.

The financings include:

- \$275,000,000 Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014A/B (the "Exit Financing Bonds"), to refinance City debt, pay for quality of life projects, and pay for certain other settlement obligations;
- \$631,964,145 Financial Recovery Bonds, Series 2014B(1) and B(2), to fund settlements with FGIC, Syncora, general unsecured creditors, holders and insurers of the City's limited tax general obligation bonds and fund the City's General Retirement System VEBA and the Police and Fire Retirement System VEBA;
- \$88,430,021 Financial Recovery Bonds, Series 2014C, to satisfy a portion of claims settled respecting the City's pension obligation certificates; and
- \$287,560,790 Unlimited Tax General Obligation Restructured Local Project Bonds, Fourth Lien, delivered to the Michigan Finance Authority to pay for settlements with holders and insurers of the City's unlimited tax general obligation debt.

All four transactions include structures never before adapted to the municipal market. The City created these first-of-their-kind bond issues to execute its Chapter 9 plan of adjustment approved by U.S. Bankruptcy Judge Steven Rhodes on November 7, 2014. Miller Canfield, which served as co-bankruptcy counsel for the City during the Chapter 9 case, served as bond counsel for each of the four historic financings.

"It's our privilege to have served as bond counsel to our client the City of Detroit as the City gets a new start toward a bright future," said Amanda Van Dusen, chair of Miller Canfield's public finance group and leader of the firm's Detroit team. Van Dusen, who brings over thirty years' experience to bear in complex municipal finance transactions, coordinated the efforts of a half-dozen legal professionals working to bring the bond issues to a successful close.

Referring to the firm's role in the bankruptcy, Miller Canfield CEO Michael McGee said, "we're grateful that our experience in municipal finance, bankruptcy, labor law, pensions, benefits and local government – plus lifelong relationships and community knowledge – could be put to the service of Detroit residents and businesses. We've been committed to this city for more than 160 years. We proudly call it our home."

In addition to the debt structuring accomplished today, the bankruptcy exit plan includes shedding \$7 billion of the City's \$18 billion debt, retaining between 95% and 100% of former city workers' pensions and reinvesting \$1.7 billion in the city over 10 years.

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The Miller Canfield finance team was led by **Public Law** principals Amanda Van Dusen and Harold Bulger. Miller Canfield's bankruptcy team included **Bankruptcy and Restructuring** principals Jon Green and Stephen LaPlante; **Labor and Employment** principals Richard Warren and John Willems, and **Employee Benefits** principal Ken Sachs.

With 240 lawyers practicing in all major areas of law and 16 offices in five countries, Miller Canfield is among the 200 largest law firms in the U.S. Miller Canfield lawyers are recognized by the most prestigious legal referral guides and organizations around the world, including *Chambers USA* and the 2015 edition of "Best Law Firms" published by *U.S. News & World Report*, in which Miller Canfield received national first-tier rankings in Labor & Employment Litigation, Labor Law-Management and Public Finance Law. Miller Canfield was also named by corporate counsel as a "Standout in Complex Labor Litigation" in the *BTI Litigation Outlook 2015* report, the second consecutive year. Visit www.millercanfield.com.