

UNITED STATES BANKRUPTCY COURT
IN THE EASTERN DISTRICT OF MICHIGAN, SOUTHERN DIVISION - DETROIT

IN RE:

CITY OF DETROIT, MICHIGAN,

Debtor.

Case No. 13-53846

Chapter 11 Proceeding

Hon. Thomas J. Tucker

STIPULATION BETWEEN THE DEBTOR AND THE STATE OF MICHIGAN
SETTLING CLAIM NUMBER 3750 FILED ON BEHALF OF THE MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY

The State of Michigan ("State") and the City of Detroit, Michigan ("City") by and through their respective undersigned counsel, stipulate as follows in support of the entry of the order resolving claim number 3750, attached hereto as Exhibit 1.

RECITALS

- a. WHEREAS on July 18, 2013, the City filed a petition for relief under Chapter 9 of the United State Bankruptcy Code, 11 USC 901 et seq. and an Order of Eligibility and Relief was entered by the Court on December 5, 2013.
- b. WHEREAS on June 2, 2014, the State filed a proof of claim on behalf of the Michigan Department of Environmental Quality in the amount of \$3,609,445.25 based on the City's alleged liability pursuant to Part 213, Leaking Underground Storage Tanks, of the Natural Resources and Environmental Protection Act, MCL 324.21301 et seq., for contamination at 16 sites. The Claim was assigned claim number 3750.
- c. WHEREAS the Parties subsequently determined that only 15 of the sites were owned or operated by the City because the site located at 4105 West Jefferson Avenue was

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not owned or operated by the City, and that the amount of the Claim should be adjusted by removing the amount attributable to that site.

- d. WHEREAS the amended Claim should be designated as a general unsecured claim in the amount of \$3,421,995.25 (Allowed Claim).
- e. WHEREAS the Allowed Claim relates only to the remaining 15 sites and relates only to the specific releases and contamination as set out in the Claim and attached affidavits and documentation.

NOW THEREFORE, in consideration of the foregoing, it is hereby stipulated and agreed:

1. The Allowed Claim should be designated as a general unsecured claim in the amount of \$3,421,995.25. The Allowed Claim shall include liability for all sites, as set out in the proof of claim, except the site located at 4105 West Jefferson Avenue, Detroit, Michigan.

2. This Allowed Claim relates only to the remaining 15 sites, as set out in attached Exhibit 2, and resolves the City's liability only for the specific releases and contamination described in the Claim and attached affidavits and documentation.

3. This Stipulation and Settlement will not relieve or release the City from any claims related to future releases at the 15 sites or for claims relating to any releases at any other sites that the City owns or operates or has owned or operated; nor does the City waive or release any defenses it may have to any such claims and any such defenses are preserved. This settlement only addresses the claims asserted in Claim, but not any subsequent releases at the sites covered by the Claim or any releases to any other sites the City owns or operates or has owned or operated.

4. Except for the claims resolved by this Stipulation, nothing in the Stipulation is intended to relieve the City from any obligations that it would otherwise have as an owner or operator under the environmental laws.

WHEREFORE, the parties respectfully request that the Court shall enter an order in the form attached hereto as Exhibit 1, approving the parties' stipulation.

Dated: December 9, 2015

LAMBERT LESER, Attorneys at Law

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Dated: December 9, 2015

CITY OF DETROIT LAW DEPARTMENT

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UNITED STATES BANKRUPTCY COURT
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IN RE:

CITY OF DETROIT, MICHIGAN,

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Case No. 13-53846
Chapter 11 Proceeding
Hon. Thomas J. Tucker

ORDER REGARDING CLAIM NUMBER 3750
FILED BY THE STATE OF MICHIGAN

This matter having come before the Court on the *Stipulation Between the Debtor and the State of Michigan Settling Claim No. 3750 Filed on Behalf of the Michigan Department of Environmental Quality* (the "Stipulation"); The State having filed a proof of claim in the amount of \$3,609,445.25 for past and future costs associated with environmental contamination caused by releases from underground storage tank systems at 16 sites allegedly owned or operated by the Debtor and that proof of claim being assigned Claim Number 3750 (the "Claim") in the above-captioned bankruptcy case; the parties having subsequently determined that only 15 of the sites were actually owned and operated by the Debtor and that the amount of the Claim attributable to the site located at 4105 West Jefferson should be removed from the Claim; and the Court being otherwise fully informed;

IT IS HEREBY ORDERED THAT:

1. The Claim shall be allowed as a general unsecured claim in the amount of \$3,421,995.25 (Allowed Claim). The Allowed Claim shall include liability for all sites, as set out in the proof of claim, except 4105 West Jefferson Avenue, Detroit, Michigan.

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2. This Allowed Claim relates only to the remaining 15 sites, as set out in Exhibit 2 to the Stipulation, and resolves the Debtor's liability only for the specific releases and contamination described in the Claim and attached affidavits and documentation.

3. This Order will not relieve or release the City from any claims related to future releases at the 15 sites or for claims relating to any releases at any other sites that the City owns or operates or has owned and operated; nor does the City waive or release any defenses it may have to any such claims and any such defenses are preserved. This settlement only addresses the claims asserted in Claim, but not any subsequent releases at the sites covered by the Claim or any releases to any other sites the City owns or operates or has owned or operated.

4. Except for the claims resolved by the Stipulation and this Order, nothing in the Stipulation or this Order is intended to relieve the City from any obligations that it would otherwise have as an owner or operator under the environmental laws.

GENERAL STATEMENT OF CLAIM OF STATE OF MICHIGAN, DEPARTMENT OF ENVIRONMENTAL QUALITY

The Attorney General for the State of Michigan is authorized to make this Proof of Claim on behalf of the State of Michigan, Department of Environmental Quality ("DEQ"). A number of storage facilities are operated by the City of Detroit which may require environmental corrective action at certain locations. DEQ has incurred corrective costs at some of the facilities. The locations subject to this Proof of Claim are as follows:

5600 Wabash Street, Detroit, Michigan
140044 Schafer Highway, Detroit, Michigan
5149 St. Jean Street, Detroit, Michigan
8221 West Davison Avenue, Detroit, Michigan
2141 Livernois, Detroit, Michigan
5800 Russell Street, Detroit, Michigan
2633 Michigan Avenue, Detroit, Michigan
3100 Russell Street, Detroit, Michigan
1818 East Grand Blvd., Detroit, Michigan
1113 Coplin Street, Detroit, Michigan
7140 West Fort Street, Detroit, Michigan
3300 Mack Avenue, Detroit, Michigan
10652 Gratiot Avenue, Detroit, Michigan
11187 Gratiot Avenue, Detroit, Michigan
2200 Riopelle Street, Detroit, Michigan

For more details please see statement attached to the Michigan Department of Environmental Quality's Proof of Claim.

EXHIBIT 2