

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

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In re : **Chapter 9**
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CITY OF DETROIT, MICHIGAN, : **Case No. 13-53846**
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Debtor. : **Hon. Steven W. Rhodes**
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**STIPULATION REGARDING TABULATION OF PLAN VOTES
AND ELECTIONS WITH RESPECT TO CERTAIN COP CLAIMS**

Financial Guaranty Insurance Company (“**FGIC**”) and the undersigned holders¹ of certain certificates of participation insured by FGIC (collectively, the “**Holders**”) hereby agree as follows with respect to the tabulation of (a) votes on the *Fourth Amended Plan of Adjustment of Debts of the City of Detroit*, dated May 5, 2014 [Dkt. No. 4392] (the “**Fourth Amended Plan**”) and certain subsequent plans, if any, as hereinafter provided and (b) elections with respect to the Plan COP Settlement² in respect of the COPs insured by FGIC (the “**FGIC Insured COPs**”), and request the Court enter the proposed order attached hereto as Exhibit 1:

1. On February 28, 2014, the City filed a *Motion to Approve Solicitation Procedures* [Dkt. No. 2789] (the “**Solicitation Procedures Motion**”), seeking to establish a

¹ Hypothekbank Franliffurt AG, Hypothekbank Franliffurt International S.A., and Erste Europaische Pfandbrief- und Kommunalkreditbank Aktiengesellschaft in Luxemburg S.A. (collectively, “**EEPK**”) have sold all of their beneficial interests in the FGIC Insured COPs (the “**EEPK COPs Holdings**”). Under the terms of the Fourth Amended Plan, however, EEPK remains the record holder of the EEPK COPs Holdings for voting purposes, and enters into this Stipulation in its capacity as such record holder, and not as beneficial holder of the EEPK COPs Holdings.

² Capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Fourth Amended Plan.

process for determining, among other things, whether beneficial holders or insurers have the right to vote on any plan of adjustment filed by the City in this proceeding. The Solicitation Procedures Motion addressed, among other instruments, the COPs.

2. On March 11, 2014, the Court entered an *Order (I) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment and (II) Approving Notice Procedures Related to Confirmation of the Plan of Adjustment* [Dkt. No. 2984] (the “**Solicitation Procedures Order**”).

3. Pursuant to the Solicitation Procedures Order, FGIC and any holder of the FGIC Insured COPs is entitled to receive a Ballot, which provides the mechanisms to (i) cast a vote to accept or reject the Fourth Amended Plan and (ii) elect whether to participate in the Plan COP Settlement in respect of the FGIC Insured COPs.

4. The Solicitation Procedures Order also established certain voting dispute resolution procedures in the event there is a dispute regarding a party’s ability to vote a Claim or make an election with respect thereto. Among other things, the Solicitation Procedures Order required any insurer claiming a right to (i) vote to accept or reject a plan, or (ii) make any applicable election with respect to a Claim, to file a “**Notice of Asserted Right to Vote a Claim**” and a brief in support of such Notice of Asserted Right to Vote a Claim. In the event that any party disputed an insurer’s Notice of Asserted Right to Vote a Claim, such party was required by the Solicitation Procedures Order, as amended by the *Fifth Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor’s Plan of Adjustment* [Dkt. No. 5259], to file an objection to such notice on or before June 24, 2014.

5. On May 27, 2014, FGIC timely filed the *Notice of Financial Guaranty Insurance Company Asserted Right to Vote and Make Elections with Respect to Certain COP*

Claims [Dkt. No. 5087] (the “**FGIC Notice**”) asserting the right to vote in respect of Class 9 Claims arising in connection with the FGIC Insured COPs and to make the Plan COP Settlement election with respect to such Claims.

6. On June 24, 2014, FGIC and certain Holders filed the *Ex Parte Joint Motion of Certain COPs Holders and Financial Guaranty Insurance Company for an Extension of Time to Respond to the Notice of Asserted Right to Vote and Make Elections with Respect to COP Claims Filed by FGIC* [Dkt. No. 5569] (the “**Extension Motion**”), which requested that the Court extend the deadline to respond to the FGIC Notice until July 1, 2014.

7. On June 24, 2014, the Court entered an order granting the Extension Motion [Dkt. No. 5570].

8. On July 1, 2014, certain Holders, including Deutsche Bank AG, London, Dexia Crédit Local, Dexia Holdings, Inc., Stone Lion Capital Partners L.P., and EEPK (collectively, the “**Responding Holders**”), timely filed a *Response and Reservation of Rights of Certain COPs Holders to the Notice of Financial Guaranty Insurance Company Asserted Right to Vote and Make Elections with Respect to Certain COP Claims* [Dkt. No. 5727] (the “**Response to the FGIC Notice**”). No other party filed a response to the FGIC Notice.

9. On July 1, 2014, FGIC and the Responding Holders entered into an agreement (the “**Voting Agreement**”) in connection with the Response to the FGIC Notice.

10. On July 7, 2014, certain of the remaining Holders, including Panning Capital Management, LP, Monarch Alternative Capital LP and Aurelius Capital Management, LP (collectively, the “**Joinder Holders**”), executed a joinder to the Voting Agreement.

11. Pursuant to the terms of the Response to the FGIC Notice and the Voting Agreement, to avoid unnecessary litigation, FGIC and the Holders agreed to submit to the Court

a joint stipulation (the “**Tabulation Stipulation**”) and proposed order regarding the tabulation of votes and elections with respect to Class 9 Claims arising in connection with the FGIC Insured COPs.

12. Accordingly, FGIC and the Holders submit this Tabulation Stipulation, pursuant to which they hereby agree that, for purposes of tabulation of votes and elections with respect to Class 9 Claims arising in connection with the FGIC Insured COPs, FGIC’s Ballot shall be the operative Ballot and shall be voted as set forth in the Voting Agreement.

13. Subject to and in accordance with the terms of the Voting Agreement, in the event that the City files either (a) a plan providing for improved economic treatment for Class 9 Claims, or (b) a plan that purports to modify the FGIC policy in a manner adverse to the Holders (either, a “**Non-Stipulated Plan**”), FGIC and the Holders hereby further agree to consult regarding the tabulation of votes and elections (if applicable) with respect to Class 9 Claims arising in connection with the FGIC Insured COPs, and if they are unable to reach an agreement, the Holders shall have an opportunity to file a supplemental objection to the FGIC Notice, and FGIC shall have an opportunity to respond thereto on the basis contemplated by the Voting Agreement.

Dated: July 11, 2014

/s/ Alfredo R. Pérez

Alfredo R. Pérez
WEIL, GOTSHAL & MANGES LLP
700 Louisiana Street, Suite 1700
Houston, TX 77002
Telephone: (713) 546-5000
Facsimile: (713) 224-9511
E-mail: alfredo.perez@weil.com

-and-

Ernest J. Essad Jr.
Mark R. James
WILLIAMS, WILLIAMS, RATTNER &
PLUNKETT, P.C.
280 North Old Woodward Avenue,
Suite 300
Birmingham, MI 48009
Telephone: (248) 642-0333
Facsimile: (248) 642-0856
Email: EJEssad@wwrplaw.com
Email: mrjames@wwrplaw.com

*Attorneys for Financial Guaranty Insurance
Company*

/s/ John J. Ramirez

Kenneth E. Noble
John J. Ramirez
KATTEN MUCHIN ROSENMAN LLP
575 Madison Avenue
New York, NY 10022-2585
Telephone: (212) 715-9393
E-mail: Kenneth.noble@kattenlaw.com
john.ramirez@kattenlaw.com

Counsel for Deutsche Bank AG, London

/s/ Gregory Gennady Plotko

Thomas Moers Mayer
Gregory Gennady Plotko
Jonathan M. Wagner
KRAMER LEVIN NAFTALIS
& FRANKEL LLP
1177 Avenue of the Americas
New York, NY 10036
Tel: (212) 715-9169
E-mail: tmayer@kramerlevin.com
jwagner@kramerlevin.com

-and-

Deborah L. Fish
ALLARD & FISH, P.C.
2600 Buhl Building
535 Griswold
Detroit, MI 48226
Tel: (313) 309-3171
E-mail: dfish@allardfishpc.com

*Counsel for Dexia Crédit Local and Dexia
Holdings, Inc., Panning Capital
Management, LP, on behalf of funds and
accounts managed by it, Monarch
Alternative Capital LP, on behalf of funds
and accounts managed by it, Bronze Gable,
L.L.C., and Aurelius Capital Management,
LP, on behalf of its managed entities*

/s/ Vincent J. Marriott, III

Vincent J. Marriott, III, Esquire
BALLARD SPAHR LLP
1735 Market Street, 51st Floor
Philadelphia, Pennsylvania 19103
Tel: (215) 864-8236
Fax: (215) 864-9762
E-mail: marriott@ballardspahr.com

Matthew G. Summers, Esquire
BALLARD SPAHR LLP
919 North Market Street, 11th Floor
Wilmington, Delaware 19801
Tel: (302) 252-4428
Fax: (302) 252-4466
E-mail: summersm@ballardspahr.com

-and-

Howard S. Sher, Esquire (P38337)
JACOB & WEINGARTEN, P.C.
Somerset Place
2301 W. Big Beaver Road, Suite 777
Troy, Michigan 48084
Tel: (248) 649-1200
Fax: (248) 649-2920
E-mail: howard@jacobweingarten.com

*Attorneys for Hypothekbank Frankfurt
AG, Hypothekbank Frankfurt
International S.A., and Erste Europäische
Pfandbrief- und Kommunalkreditbank
Aktiengesellschaft in Luxemburg S.A.*

/s/ Claudia L. Borg

Claudia L. Borg
Stone Lion Capital Partners, L.P.
General Counsel and Chief Compliance
Officer
555 Fifth Avenue, 18th Floor
New York, New York 10017
E-mail: cborg@stonelioncapital.com
Telephone: (212) 843-1225

*Stone Lion Capital Partners L.P. on behalf
of funds and accounts managed by it*

Exhibit 1

Proposed Order

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

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In re : **Chapter 9**
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CITY OF DETROIT, MICHIGAN, : **Case No. 13-53846**
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: **Debtor.** : **Hon. Steven W. Rhodes**
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ORDER REGARDING TABULATION OF PLAN VOTES AND ELECTIONS WITH RESPECT TO CERTAIN COP CLAIMS

The Stipulation Regarding Tabulation of Plan Votes and Elections with Respect to Certain COP Claims (the “**Tabulation Stipulation**”)¹ having been entered into by and between Financial Guaranty Insurance Company (“**FGIC**”) and certain holders of the FGIC Insured COPs (collectively, the “**Holder**s”) on July 11, 2014; the Court having reviewed the Tabulation Stipulation; and the Court being fully advised in the premises thereof;

IT IS HEREBY ORDERED THAT:

1. The Tabulation Stipulation is APPROVED.
2. For purposes of the tabulation of votes and elections with respect to Class 9 Claims arising in connection with the FGIC Insured COPs, FGIC’s Ballot shall be the operative Ballot, and the City shall disregard any other Ballots submitted by any other party with respect to such Claims.

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Tabulation Stipulation.

3. Subject to and in accordance with the terms of the Voting Agreement, in the event that the City files either (a) a plan providing for improved economic treatment for Class 9 Claims, or (b) a plan that purports to modify the FGIC policy in a manner adverse to the Holders (either, a “**Non-Stipulated Plan**”), FGIC and the Holders shall consult regarding the tabulation of votes and elections (if applicable) with respect to Class 9 Claims arising in connection with the FGIC Insured COPs, and if they are unable to reach an agreement, the Holders shall have an opportunity to file a supplemental objection to the FGIC Notice, and FGIC shall have an opportunity to respond thereto.

Dated: _____, 2014
Detroit, Michigan

STEVEN RHODES
UNITED STATES BANKRUPTCY JUDGE