

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**
:
: **Debtor.** : **Hon. Steven W. Rhodes**
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**ORDER APPROVING STIPULATION BY AND
BETWEEN THE CITY OF DETROIT, MICHIGAN AND
THE COPS CREDITORS REGARDING CERTAIN FACTS AND THE
ADMISSION OF CERTAIN EXHIBITS FOR THE CONFIRMATION TRIAL**

The Stipulation Regarding Certain Facts and the Admission of Certain Exhibits for the Confirmation Trial (the “**Stipulation**”)¹ having been entered into by and between the City of Detroit, Michigan (the “**City**”) and Financial Guaranty Insurance Company (“**FGIC**”), Syncora Capital Assurance Inc. and Syncora Guarantee Inc. (“**Syncora**”), Deutsche Bank AG, London (“**Deutsche Bank**”); Dexia Crédit Local and Dexia Holdings, Inc. (“**Dexia**”) and Wilmington Trust, National Association solely in its capacity as successor contract administrator (“**WTNA**” and, together with FGIC, Syncora, Deutsche Bank and Dexia, the “**COPs Creditors**”) on July 13, 2014; the Court having reviewed the Stipulation; the Court finding that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and that this is a core proceeding pursuant to 28 U.S.C. § 157 (b); and the Court being fully advised in the premises;

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

This Court finds that:

- a. On June 2, 2005, the Detroit Retirement Systems Funding Trust 2005 issued \$1,440,000,000 in aggregate principal amount of Series 2005 COPs;
- b. The FGIC 2005 Policy guaranteed the scheduled payment of principal and interest on \$1,000,000,000 of the aggregate principal amount of the Series 2005 COPs;
- c. The Syncora 2005 Policy guaranteed the scheduled payment of principal and interest on \$440,000,000 in aggregate principal amount of Series 2005 COPs;
- d. All of the Series 2005 COPs covered by the Syncora 2005 Policy have matured;
- e. Currently, there remains outstanding \$503,365,000 in principal amount of Series 2005 COPs;
- f. The current total aggregate principal amount of outstanding Series 2005 COPs covered by the FGIC 2005 Policy is \$450,615,000 (89.52%);
- g. Syncora holds the remaining outstanding Series 2005 COPs (\$52,750,000 in principal amount (10.48%)) pursuant to the Syncora 2005 Policy;
- h. On June 12, 2006, the Detroit Retirement Systems Funding Trust 2006 issued 148,540,000 in aggregate principal amount of Series 2006-A COPs and \$800,000,000 in aggregate principal amount of Series 2006-B COPs, for a total of \$948,540,000 in aggregate principal amount of Series 2006 COPs;
- i. Currently, the entire \$948,540,000 in principal amount of the Series 2006 COPs remains outstanding;
- j. The FGIC 2006-A Policy guaranteed the scheduled payment of principal and interest on \$148,540,000 in aggregate principal amount of Series 2006-A COPs;
- k. The FGIC 2006-B Policy guaranteed the scheduled payment of principal and interest on \$500,845,000 in aggregate principal amount of Series 2006-B COPs;
- l. The current total aggregate principal amount of outstanding Series 2006 COPs covered by the FGIC 2006-A Policy and the FGIC 2006-B Policy is \$649,385,000 (68.46% of the outstanding Series 2006 COPs);

- m. The Syncora 2006 Policy guaranteed the scheduled payment of principal and interest on \$299,155,000 in aggregate principal amount of Series 2006-B COPs;
- n. The current total aggregate principal amount of outstanding Series 2006 COPs covered by the Syncora 2006 Policy is \$299,155,000 (31.54% of the outstanding Series 2006 COPs);
- o. As of the date hereof, claims have been submitted under the FGIC COPs Policies in the aggregate amount of \$50,043,483.25, which is equal to the amount of interest on the FGIC-insured COPs that is due and owing, but unpaid;
- p. As of the date hereof, FGIC has made payments in the aggregate amount of \$5,763,735.33 under the FGIC COPs Policies, and expects to make additional payments in the aggregate amount of \$2,743,656.82 in July 2014, for a total of \$8,507,392.15;
- q. As of the date hereof, claims have been submitted under the Syncora COPs Policies in the aggregate amount of \$57,418,940, which is equal to the amount of principal of and interest on the Syncora-insured COPs that is due and owing, but unpaid, including claims related to COPs held by Syncora affiliates;
- r. As of the date hereof, Syncora has made payments in the aggregate amount of \$57,418,940 under the Syncora COPs Policies, including payments on claims related to COPs held by Syncora affiliates;
- s. As of November 22, 2013, WTNA is the successor contract administrator and successor trustee under the 2005 COPs Agreement, the 2006 COPs Agreement, and the transaction documents related thereto;
- t. As of the date hereof, Deutsche Bank holds \$56,030,000 in aggregate principal amount of Series 2006-A COPs; and
- u. As of the date hereof, Dexia holds \$175,000,000 in aggregate principal amount of Series 2006-B COPs.

IT IS HEREBY ORDERED THAT:

- 1. The Stipulation is APPROVED.
- 2. The following documents shall be admitted into evidence at the

Confirmation Trial:

- a. Annual Report of the Board of Trustees of the GRS for the Year Ended June 30, 2004;

- b. Annual Report of the Board of Trustees of the PFRS for the Year Ended June 30, 2004;
- c. City Ordinance No. 03-05;
- d. City Ordinance No. 04-05;
- e. City Ordinance No. 05-05;
- f. City Ordinance No. 05-09;
- g. GRS Service Corporation Articles of Incorporation;
- h. PFRS Service Corporation Articles of Incorporation;
- i. 2005 COPs Agreement;
- j. 2006 COPs Agreement;
- k. GRS Service Contract 2005, dated May 25, 2005 by and between the City and the GRS Service Corporation;
- l. PFRS Service Contract 2005, dated May 25, 2005 by and between the City and the PFRS Service Corporation;
- m. GRS Service Contract 2006, dated June 7, 2006 by and between the City and the GRS Service Corporation;
- n. PFRS Service Contract 2006, dated June 7, 2006 by and between the City and the PFRS Service Corporation;
- o. Contract Administration Agreement 2005 among Detroit Retirement Systems Funding Trust 2005, the COP Service Corporations, U.S. Bank, National Association and other persons thereto, dated June 2, 2005;
- p. Contract Administration Agreement 2006 among Detroit Retirement Systems Funding Trust 2006, the COP Service Corporations, U.S. Bank, National Association and other persons thereto, dated June 12, 2006;
- q. FGIC 2005 Policy;
- r. FGIC 2006-A Policy;
- s. FGIC 2006-B Policy;
- t. Syncora 2005 Policy;

