

Exhibit 6C

Excerpts from Deposition of Kevyn Orr

In The Matter Of:

City of Detroit

Kevyn Orr

August 30, 2013



Bingham Farms/Southfield • Grand Rapids
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UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

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In Re:

City OF DETROIT, MICHIGAN

Chapter 9

Case No.13-53846

Debtor.

Hon. Steven Rhodes

/

The Videotaped Deposition of KEVYN ORR,
Taken at 1114 Washington Boulevard,
Detroit, Michigan,
Commencing at 8:32 a.m.,
Friday, August 30, 2013,
Before Cindy Mendenhall, RPR, CSR-5220.

1 BY MR. HACKNEY:

2 Q. Okay. That's correct?

3 A. Yes. That is correct.

4 Q. So if I ask you what your view is on the likelihood
5 that the City's Swap and validity arguments will
6 prevail, you will assert the attorney-client
7 privilege; is that correct?

8 A. Yes, more than likely.

9 Q. If I ask you your view on the likelihood that the
10 pledge of the gaming revenues under the Michigan
11 Gaming Act is an invalid pledge, you'll assert the
12 attorney-client privilege, correct?

13 A. Yes, more than likely.

14 Q. If I ask you questions regarding the likelihood that
15 the City would prevail on a claim or defense against
16 the Swap counterparties, you'll assert the
17 attorney-client privilege, correct?

18 A. Yes, more than likely.

19 Q. And I guess I gotta clarify. When you say more than
20 likely, I mean are you asserting the privilege with
21 respect to those types of questions? I'm trying to
22 save having to --

23 A. Sure.

24 MR. SHUMAKER: Let me state for the record
25 you can ask questions as to whether those -- those

1 factors were considered by Mr. Orr, but obviously if
2 you're going to ask what he was -- what he was advised
3 by counsel, then I'm going to instruct him not to
4 answer.

5 A. When I say more than likely, that's -- that's exactly
6 the distinction that I'm trying to make. Did I have
7 discussions with my counsel? Yes. Did those
8 discussions take into consideration some of those
9 factors? Yes. Am I going to tell you what those
10 discussions were and what, if any, conclusions were
11 made? No.

12 BY MR. HACKNEY:

13 Q. Okay. Fair enough.

14 On July 15, 2013, the City entered into
15 what we're going to call the forbearance agreement
16 with the Swap counterparties and the service
17 corporations; is that correct?

18 A. Yes.

19 Q. When did negotiations around that agreement with the
20 Swap counterparties begin after your appointment?

21 A. I think there were discussions about negotiations
22 almost immediately after my appointment. My specific
23 knowledge -- when you say negotiations, what do you
24 mean?

25 Q. Well, let me -- let me ask it a different way, which

1 is isn't it true that Mr. Buckfire was the lead
2 negotiator for the City on the business terms of what
3 became the forbearance agreement?

4 A. Yes.

5 Q. And Mr. Buckfire has testified that the negotiations
6 in earnest regarding what became the forbearance
7 agreement were conducted between June 4th and
8 June 11th of 2013?

9 A. I don't recall those specific dates, but I think
10 that's the right time frame. Let me -- let me try to
11 be as clear as I can so we can move on. We began
12 talking, discussing ways with my advisors, without
13 discussing what we discussed, to provide the City with
14 liquidity almost immediately upon my appointment. The
15 negotiations that you're referring to I believe did
16 occur within that time frame.

17 Q. Okay. So you don't have a basis as you sit here today
18 to contradict Mr. Buckfire's recollection of when the
19 key negotiations over the business terms of the
20 forbearance agreement were conducted?

21 A. No. It might be earlier, but that's the approximate
22 time frame.

23 Q. And as he was the lead negotiator, he's probably the
24 guy who would know, right?

25 A. Sure, absolutely.

1 point during the first week, but they -- they resumed.
2 My interpretation was that they broke down, and then
3 they recommenced a second week.

4 Q. Okay. So on -- if there -- to the extent
5 Mr. Buckfire's right that there was an in-person
6 June 8th meeting --

7 A. Yeah.

8 Q. -- do you remember what his -- what your marching
9 orders to him were as he went into that meeting?

10 A. Here again, the concept of marching orders, we were
11 trying to get to an agreement generally, and I believe
12 the instructions were to continue to move towards that
13 process, whatever that was. And so the specific
14 bid/ask that were going on throughout that time, I
15 don't -- I don't recall, but the general concept was
16 to continue to try to move to a point to get to a
17 discount number or a discount process.

18 Q. Is it fair to say that if I ask you for the specific
19 ebb and flow of the negotiations between the Swap
20 counterparties in terms of the precise business
21 deal --

22 A. Right.

23 Q. -- you would have to defer to Mr. Buckfire's
24 recollection because he was more intimately involved?

25 A. That's fair. Because Ken was -- Ken would have the

1 direct meetings and then call me back. We'd go back
2 and forth, and I didn't keep notes and I didn't keep a
3 calendar, so --

4 Q. I asked you about nondisclosure agreements, but did
5 the City execute any other agreements of any kind with
6 the Swap counterparties during this period that you
7 were negotiating the forbearance agreement?

8 A. No, not that I know of.

9 (Discussion off the record at 8:59 a.m.)

10 (Back on the record at 8:59 a.m.)

11 MR. HACKNEY: No. Problem. Let's go off
12 the record.

13 VIDEO TECHNICIAN: The time is 8:59 a.m.

14 We are off the record.

15 (Recess taken at 8:59 a.m.)

16 (Back on the record at 9:08 a.m.)

17 VIDEO TECHNICIAN: We are back on the
18 record at 9:08 a.m.

19 BY MR. HACKNEY:

20 Q. Mr. Orr, I want to clear something up. Maybe I've
21 been saying it the wrong way. I've been using the
22 term "marching orders" with the respect to the way
23 that you and Mr. Buckfire operated.

24 A. Right.

25 Q. **And is a better way to say it that you authorized**

1 Mr. Buckfire to negotiate the best possible deal he
2 could with the Swap counterparties and that's what he
3 did?

4 A. That's a fair characterization, sure.

5 Q. And at some point did he come out of a meeting and
6 say, Mr. Orr, this is the best deal that I'm able to
7 get out of these Swap counterparties and it's my
8 advice that we take it?

9 A. Yes.

10 Q. And was that on or about June 11th, 2013, which is the
11 date he recalls the agreement in principle being
12 reached?

13 A. Yes.

14 MR. SHUMAKER: Objection to form.

15 BY MR. HACKNEY:

16 Q. And what was the agreement in principle that was
17 reached as you understood it?

18 A. The agreement was essentially that in exchange for a
19 reduced optional termination payment -- we'll just
20 call it the payment under the forbearance agreement --
21 the Swap counterparties would agree not to trap the
22 cash, they would agree to release their liens, and
23 also release their claims, I believe, against your
24 client, Syncora, and we would have access to that cash
25 going forward provided we made the discounted payment

1 entities that have long names that I'll only say to
2 you if you want -- really want me to.

3 A. We'll stipulate I know what you mean by the service
4 corporations.

5 Q. And there are two of them?

6 A. There are two.

7 Q. Okay.

8 A. Police and Fire General Services.

9 Q. There you go. So you already know them and you said
10 the names. So the two service corporations are
11 parties to the forbearance agreement, correct?

12 A. Yes.

13 Q. And Mr. Buckfire testified yesterday, I'll represent
14 to you, that his understanding is that you directed
15 the service corporations to execute the forbearance
16 agreement and they did so; is that correct?

17 A. No.

18 Q. Okay. Were there arms' length negotiations with the
19 service corporations?

20 A. To the best of my knowledge, there was.

21 Q. And who led those?

22 A. I'm not quite sure. I know that -- in response to
23 your question, I did not direct a service corporation.
24 They were organized by the City. And they are managed
25 by City employees, but I had no direct -- I gave no

1 direct instruction to either of the service
2 corporations.

3 Q. Okay. So my question was about negotiations with the
4 service corporations.

5 A. Right.

6 Q. Who conducted the arms' length negotiations with the
7 service corporations on behalf of the City?

8 A. I'm not sure.

9 Q. Well, you know it wasn't you?

10 A. Yes, it wasn't me.

11 Q. And did you ever direct Mr. Buckfire to engage in
12 direct negotiations with the service corporations?

13 A. No. I directed Mr. Buckfire to do whatever needed to
14 get done to get the agreement in principle resolved
15 and signed. That's what I did, but I did -- said
16 nothing specific. Just to be responsive to your
17 question, said oh, go talk to the service
18 corporations, there was nothing that specific.

19 Q. So to the extent there was a negotiation that needed
20 to be had, it was his job to go have it?

21 A. It was his or someone else on my -- on my
22 reorganization team's job, yeah, sure.

23 Q. Well, did you direct anyone else on your team to go
24 negotiate with the service corporations?

25 A. No. Once we reached an agreement in principle, I

1 directed my team to more or less go forth and get it
2 documented and get it done.

3 Q. And the service corporations are legally separate from
4 the City, correct?

5 A. Yes, they are.

6 Q. Your powers as emergency financial manager do not
7 extend to the service corporations, correct?

8 A. I haven't examined that question, so I can't answer
9 you yes or no.

10 Q. Can you direct their actions under PA 436?

11 A. I'm not sure.

12 Q. Do you have any firsthand knowledge that the service
13 corporations engaged in arms' length negotiations with
14 the Swap counterparties?

15 A. **No.**

16 Q. If they had, do you think that's something you would
17 have likely heard about?

18 MR. SHUMAKER: Objection, calls for
19 speculation.

20 A. I may have. As emergency manager, there are a number
21 of things that occur, as you might imagine, on a daily
22 basis that I may or may not hear of. I might have.

23 BY MR. HACKNEY:

24 Q. As you sit here today, though, can you recall hearing
25 that there were ongoing negotiations between the

1 A. Yes.

2 Q. Okay. Portia Roberson --

3 A. Um-hm.

4 Q. -- is the City's corporation counsel, right?

5 A. Yes.

6 Q. And she's also on the board of both service
7 corporations, correct?

8 A. To the best of my knowledge, that's true.

9 Q. Do you know who made the decision at the service
10 corporations to enter into the forbearance agreement?

11 A. I do not.

12 Q. Did you have any conversations with either Ms. Johnson
13 or Ms. Roberson about the service corporations
14 entering into the forbearance agreement?

15 A. No.

16 Q. Isn't it true that the policy of the City is to
17 indemnify the service corporation directors for
18 actions they take in their capacity as City employees?

19 A. I don't know that.

20 Q. You don't know if that's the policy of the City?

21 A. I do not. I know the City has an indemnification
22 policy. I don't know if it applies to the service
23 corporations.

24 Q. Okay, but does it apply to the City employees?

25 A. It applies to City employees acting within their

1 course and scope of their employment as employees of
2 the City.

3 Q. Okay. So as you sit here today, you can't say that
4 that indemnification policy would extend to City
5 employee actions taken in their capacity as service
6 corporations --

7 A. Correct.

8 MR. SHUMAKER: Objection, calls for a legal
9 conclusion.

10 BY MR. HACKNEY:

11 Q. I will -- I'm sorry.

12 A. Okay.

13 Q. As emergency financial manager, you control the salary
14 of all City employees; isn't that correct?

15 A. As emergency manager.

16 Q. As emergency manager, right.

17 A. Right.

18 Q. Sorry. Is that the proper --

19 A. It changed with Public Act 436. Public Act 72 was EFM
20 and now I'm an EM.

21 Q. Okay. Got to get my lingo.

22 A. Yeah.

23 Q. And you do, as emergency manager, control the salary
24 of all City employees, correct?

25 A. I have the authority to control the salary of all City

1 employees. I have not exercised that authority for
2 all City employees.

3 Q. Okay. And you have the power to reduce those City
4 employee salaries to zero if you choose, correct?

5 A. I think I do, yes.

6 Q. And you have done that on at least one prior occasion,
7 I believe, correct?

8 A. Yes, I did do that.

9 Q. Okay. Now, are you aware that the insurers, the Swap
10 insurers, like Syncora and FGIC, contend that the
11 hedges cannot be terminated without their consent
12 where there are termination events or events of
13 default?

14 A. I have heard that. I m -- I have no independent
15 awareness of that.

16 Q. So when did you first hear that?

17 A. I think it was all caught up in this time frame of
18 the -- of the discussion after the agreement in
19 principle, before the forbearance agreement was
20 reached.

21 Q. Your best recollection is that you heard that prior to
22 the execution of the forbearance agreement?

23 A. I believe it may have been prior to execution.

24 Q. But you have taken -- you have taken no steps to
25 evaluate whether the City concurs with the insurers'