UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:	)	Chapter 9
	)	
CITY OF DETROIT, MICHIGAN,	)	Case No. 13-53846
	)	
	)	Hon. Steven W. Rhodes
Debtor.	)	

LIMITED OBJECTION OF THE DETROIT RETIREMENT SYSTEMS TO NOTICE OF PRESENTMENT OF FINAL ORDER PURSUANT TO 11 U.S.C. §§ 105, 362, 364(C)(1), 364(C)(2), 364(E), 364(F), 503, 507(A)(2), 904, 921 AND 922 (I) APPROVING POST-PETITION FINANCING, (II) GRANTING LIENS AND PROVIDING SUPERPRIORITY CLAIM STATUS AND (III) MODIFYING THE AUTOMATIC STAY

The Police and Fire Retirement System of the City of Detroit and the General Retirement System of the City of Detroit (collectively, the "Retirement Systems") object to the Notice of Presentment of Final Order Pursuant to 11 U.S.C. §§ 105, 362, 364(c)(1), 364(c)(2), 364(e), 364(f), 503, 507(a)(2), 904, 921 and 922 (I) Approving Post-Petition Financing, (ii) Granting Liens and Providing Superpriority Claim Status and (III) Modifying the Automatic Stay [Dkt. No. 2921] (the "Notice"):

1. The Notice requests entry of the Proposed Order approving Amended QOL Financing in the principal amount of $120 million and approving the

Purchase Agreement, the Indenture, the Supplemental Indenture, the DACA, and the Letter Agreement.[1]

2. The Notice provides, in relevant part:

> The key changes to the structure of the financing as proposed in the Financing Documents (other than the loan amount), is the collateral securing the Amended QOL Financing, which shall consist of (i) the Pledged Income Tax Revenues (as defined in the Financing Documents, and (ii) Asset Proceedings Collateral (together, the "Collateral"). The Collateral is less than that offered by the City to Barclays in connection with the Initial PPF Financing. Additionally, Asset Proceeds Collateral expressly excludes assets owned by the City, or assets in which the City holds an interest, which are held by the Detroit Institute of Arts. ***The other material terms of the Amended QOL Financing are substantially similar*** to those proposed in the Initial PPF Motion, except as they may be modified to reflect the reduced loan amount or the new Collateral.

Notice at ¶ 17 (*emphasis added).*

3. Although the Notice attaches a black-line of the Proposed Order, it does not attach a black-line reflecting any changes in the Purchase Agreement, the Indenture, the Supplemental Indenture, or the DACA. The Notice does not even attach a term sheet for the Amended QOL Financing.

4. Without a term sheet and black-lines of these documents, at a minimum, the Retirement Systems are unable to assess whether the Amended QOL Financing is, in fact, substantially similar to that approved by the Court in its January 16, 2014 bench decision or if the Amended QOL Financing is an entirely

[1] All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Notice.

new credit transaction for which the City is required to obtain independent review and approval under section 364(c) of the Bankruptcy Code.

5. Moreover, it is equally unclear whether the $120 million to be obtained from the Amended QOL Financing will be used for the same purposes as those articulated in paragraphs 23-34 of the Initial PPF Motion and the Declaration of Charles M. Moore, attached as Exhibit 5A to the Initial PPF Motion (the "QOL Initiatives"). The Amended QOL Financing should not be used, for example, to fund the proposed $85 million settlement with the swap counterparties in lieu of the QOL Initiatives (and in lieu of the swaps being paid out in accordance with the terms of the Swap settlement, if approved).

6. The Retirement Systems respectfully request that the Court deny entry of the Proposed Order until such time as: (i) the City provides parties-in-interest with black-lines of the financing documents comparing those attached to the Notice to those attached to the Initial PPF Motion; (ii) parties-in-interest have a reasonable opportunity to evaluate whether the Amended QOL Financing is substantially similar to the QOL Financing approved by the Court in its January 16, 2014 bench decision or whether it is a new credit transaction requiring independent approval under section 364(c) of the Bankruptcy Code; and (iii) the City confirms that the proceeds of the Amended QOL Financing will be used solely for QOL Initiatives.

7. The Retirement Systems expressly reserve their rights to supplement and amend this Limited Objection, and to object to the Amended QOL Financing on any alternative or additional bases, once the additional documents and information are provided and the Retirement Systems have had a reasonable opportunity to review them.

CLARK HILL PLC

/s/ Robert D. Gordon

Robert D. Gordon (P48627)
Shannon L. Deeby (P60242)
151 South Old Woodward Avenue
Suite 200
Birmingham, Michigan 48009
Telephone: (248) 988-5882
Facsimile: (248) 988-2502
rgordon@clarkhill.com
sdeeby@clarkhill.com

Dated: March 13, 2014

Counsel to the Police and Fire Retirement System of the City of Detroit and the General Retirement System of the City of Detroit