

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

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

**ASSURED NOTICE OF
ASSERTED RIGHT TO VOTE CLAIMS IN CLASS 8**

Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc., and Assured Guaranty Corp. (together, “Assured”), by and through its undersigned attorneys, and pursuant to ¶ 9.a of the 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 [Doc. No. 2984] (the “Solicitation Procedures Order”),¹ respectfully submits this Notice of Asserted Right to Vote Claims in Class 8 (the “Voting Notice”), and in support hereof, states as follows:

Assured asserts that it is entitled to vote the Class 8 claims arising from each of following series of Unlimited Tax General Obligation Bonds which Assured insures (the “Assured UTGO Bonds”): General Obligation (Unlimited Tax) Series

¹ As amended by the Fourth Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor’s Plan of Adjustment [Doc. No. 4202].



1999-A, General Obligation Bonds (Unlimited Tax) Series 2005-B, General Obligation Refunding Bonds (Unlimited Tax) Series 2005-C, General Obligation (Unlimited Tax) Series 2008-A, and General Obligation Refunding Bonds (Unlimited Tax) Series 2008-B(1).

As set forth more fully in the brief in support of this Voting Notice, attached hereto as Exhibit 3, Assured has the right to vote all claims arising from the Assured UTGO Bonds because Assured: (i) is a holder of the Assured UTGO Bonds; (ii) is an assignee of the rights of the beneficial holders of the Assured UTGO Bonds; (iii) is a contractual subrogee of the beneficial holders of the Assured UTGO Bonds' rights to vote; and (iv) is a common law subrogee of the beneficial holders of the Assured UTGO Bonds' rights to vote.

Therefore, Assured seeks an order, substantially in the form attached hereto as Exhibit 1: (i) granting Assured the exclusive right to vote with respect to all claims arising from the Assured UTGO Bonds; (ii) disallowing any vote cast by any party other than Assured with respect to any claim arising from the Assured UTGO Bonds; and (iii) granting such other and further relief as the Court deems just and proper.

Dated: New York, New York
May 23, 2014

CHADBOURNE & PARKE LLP

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EXHIBITS

Exhibit 1	Proposed Order
Exhibit 2	Notice
Exhibit 3	Brief in Support
Exhibit 4	Certificate of Service
Exhibit 5	Affidavits [None]
Exhibit 6A	Assured Proofs of Claim
Exhibit 6B	2008-A Bond Specimen

Exhibit 1
Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

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

ORDER AUTHORIZING ASSURED TO VOTE CLAIMS IN CLASS 8

This matter coming before the Court on the Assured Notice of Asserted Right to Vote Claims in Class 8 (the “Voting Notice”), filed by Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc., and Assured Guaranty Corp. (together, “Assured”); and the Court being fully advised in the premises;

IT IS HEREBY ORDERED THAT:

1. Assured is the sole party authorized to vote claims arising from the Assured UTGO Bonds,¹ as set forth in the Voting Notice.

¹ Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Brief of Assured in Support of Notice of Asserted Right to Vote Claims in Class 8.

2. The City shall disregard any votes submitted on the claims arising from the Assured UTGO Bonds by any party other than Assured.

Exhibit 2

Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:

CITY OF DETROIT, MICHIGAN

Debtor.

Chapter 9

Case No. 13-53846

Hon. Steven W. Rhodes

NOTICE AND OPPORTUNITY TO OBJECT

PLEASE TAKE NOTICE, that Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc., and Assured Guaranty Corp. (together, “Assured”) have filed papers with the Court asserting the right to vote with respect to all claims arising from the following series of Unlimited Tax General Obligation Bonds classified in Class 8 – Unlimited Tax General Obligation Bond Claims by the *Fourth Amended Plan for the Adjustment of Debts of the City of Detroit* (May 5, 2014) [Docket No. 4392]: General Obligation (Unlimited Tax) Series 1999-A, General Obligation Bonds (Unlimited Tax) Series 2005-B, General Obligation Refunding Bonds (Unlimited Tax) Series 2005-C, General Obligation (Unlimited Tax) Series 2008-A, and General Obligation Refunding Bonds (Unlimited Tax) Series 2008-B(1).

Assured has filed this notice in accordance with the voting dispute resolution procedures established by the *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* [Docket No. 2984] and as amended by the *Fourth Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor’s Plan of Adjustment* [Docket No. 4202].

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)

If you do not want the court to grant the relief sought in this notice, or if you want the court to consider your views on the notice, by **June 24, 2014** you or your attorney must:

1. File with the court a written response or an answer, explaining your position at:¹

United States Bankruptcy Court
211 W. Fort Street, Suite 2100
Detroit, Michigan 48226

If you mail your response to the court for filing, you must mail it early enough so the court will **receive** it on or before the date stated above. All attorneys are required to file pleadings electronically.

You must also mail a copy to:

Lawrence A. Larose
Samuel S. Kohn
CHADBOURNE & PARKE LLP
30 Rockefeller Plaza
New York, NY 10112

2. If a response or answer is timely filed and served, Assured will be permitted to file a reply brief in support of the notice by **July 2, 2014** and a hearing will be held on **July 14, 2014 at 10:00 a.m.**

If you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the notice and may enter an order granting that relief.

¹ Response or answer must comply with F. R. Civ. P. 8(b), (c) and (e).

Dated: New York, New York
May 23, 2014

CHADBOURNE & PARKE LLP

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*Attorneys for Assured Guaranty
Municipal Corp. and
Assured Guaranty Corp.*

Exhibit 3

Brief

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:

CITY OF DETROIT, MICHIGAN

Debtor.

Chapter 9

Case No. 13-53846

Hon. Steven W. Rhodes

**BRIEF OF ASSURED IN SUPPORT OF NOTICE OF
ASSERTED RIGHT TO VOTE CLAIMS IN CLASS 8**

Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc., and Assured Guaranty Corp. (together, “Assured”),¹ a creditor and party in interest in the above-captioned chapter 9 case of the City of Detroit, Michigan (the “City”), hereby files the following brief (the “Brief”) in support of the *Notice of Assured’s Right to Vote Claims in Class 8* (the “Notice”) in accordance with the *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* [Docket No. 2984] (the “Solicitation Procedures Order”), as amended by the *Fourth Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the*

¹ Assured is a monoline insurer that provides financial guarantees to the U.S. public finance market. Assured and its affiliates insure or reinsure approximately \$2.24 billion in gross aggregate principal amount of outstanding bonds issued by the City, including water supply system bonds, sewage disposal system bonds, and unlimited tax general obligation bonds.

Debtor's Plan of Adjustment [Docket No. 4202] (the "Fourth Amended Procedures Order").² In support of this Brief, Assured states as follows:

I. BACKGROUND

A. UTGO Bonds

1. In accordance with the authorizing resolutions enacted by the City Council of Detroit (the "City Council"), the City's legislative body, the City issued several series of unlimited tax general obligation bonds (collectively, the "UTGO Bonds"), pursuant to Chapter 141 of the Michigan Public Acts, including Act 34 of 2001, the Revised Municipal Finance Act, Michigan Compiled Laws ("MCL") § 141.2101 *et seq.* and Act 189 of 1979, the Unlimited Tax Election Act, MCL § 141.161 *et seq.* The UTGO Bonds were issued to fund public capital improvements identified by the Mayor and the City Council. Issuance of the UTGO Bonds required approval by a majority of the votes in city-wide elections establishing a pledge of *ad valorem* taxes, as security, to repay obligations under the UTGO Bonds exclusively.

2. The City has issued the following series of UTGO Bonds insured by Assured as described below (collectively, the "Assured UTGO Bonds"):

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the *Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (May 5, 2014)* [Docket No. 4392] (the "Plan") or the *Fourth Amended Disclosure Statement with Respect to Fourth Amended Plan for the Adjustment of Debts of the City of Detroit* [Docket No. 4391] (the "Disclosure Statement").

- General Obligation (Unlimited Tax) Series 1999-A (the “1999 Bonds”), issued pursuant to the March 3, 1999 Resolution and a sale order issued by the then finance director on April 1, 1999;
- General Obligation Bonds (Unlimited Tax) Series 2005-B (the “2005-B Bonds”) and General Obligation Refunding Bonds (Unlimited Tax) Series 2005-C (the “2005-C Bonds” and, collectively with the 2005-B Bonds, the “2005 Bonds”), issued pursuant to the July 6, 2005 Resolution and a sale order issued by the then finance director on December 5, 2005; and
- General Obligation (Unlimited Tax) Series 2008-A (the “2008-A Bonds”) and General Obligation Refunding Bonds (Unlimited Tax) Series 2008-B(1) (the “2008-B(1) Bonds” and, collectively with the 2008-A Bonds, the “2008 Bonds”) issued pursuant to the November 17, 2006 Resolution and a sale order issued by the then finance director on May 30, 2008.

3. Assured issued municipal bond insurance policies (the “Assured Policies”) insuring the City’s payment obligations under the Assured UTGO Bonds as set forth below:³

UTGO Bond Series	Policy Number	Effective Date	Insurer
1999-A	25071-N	April 13, 1999	Assured Guaranty Municipal Corp. under its former name Financial Security Assurance Inc.
2005-B	206130-N	December 13, 2005	Assured Guaranty Municipal Corp. under its former name Financial Security Assurance Inc.
2005-C	206129-N	December 13, 2005	Assured Guaranty Municipal Corp. under its former name Financial Security Assurance Inc.
2008-A	D-2008-477	June 9, 2008	Assured Guaranty Corp.
2008-B(1)	D-2008-477	June 9, 2008	Assured Guaranty Corp.

³ True and correct copies of the Assured Policies are attached to Assured’s proofs of claim in respect of the Assured UTGO Bonds (Claim numbers 1169, 1171) (the “Assured Proofs of Claim”), true and correct copies of which are attached hereto as Exhibit “6A.”

B. Plan Treatment of the Assured UTGO Bonds

4. On February 20, 2014, Assured filed the Assured Proofs of Claim, which assert claims arising from the Assured UTGO Bonds (and the Assured Policies).

5. Under the Plan, the claims arising from the Assured UTGO Bonds have been classified within Class 8. See Plan, at 30. The treatment of the claims arising from the Assured UTGO Bonds is subject to the UTGO Settlement, the principal terms of which are provided for as an exhibit to the Plan. See Plan, Exhibit I.A.285.⁴

II. ASSURED IS ENTITLED TO VOTE ALL CLAIMS ARISING FROM THE ASSURED UTGO BONDS

6. Pursuant to the applicable bond documentation discussed above, Assured has the right to vote all claims arising from the Assured UTGO Bonds because Assured: (i) is the sole holder of the Assured UTGO Bonds; (ii) is an assignee of the rights of the beneficial holders of the Assured UTGO Bonds; (iii) is a contractual subrogee of the beneficial holders of the Assured UTGO Bonds'

⁴ Assured continues to negotiate the UTGO Settlement Agreement with the City. Assuming the UTGO Settlement Agreement is executed and approved by this Court, Assured will comply with all terms of the UTGO Settlement Agreement. Assured reserves its right to oppose the treatment of Class 8 – UTGO Bond Claims, and any other aspect of the Plan that could potentially affect the treatment of Class 8 – UTGO Bond Claims, including, without limitation, by filing a supplemental objection to the Plan, in the event that the UTGO Settlement Agreement is not finalized, is not approved by this Court or is breached by the City or any other party thereto.

rights to vote; and (iv) is a common law subrogee of the beneficial holders of the Assured UTGO Bonds' rights to vote.

7. First, Assured is the sole holder of the Assured UTGO Bonds. Pursuant to the terms of the Assured Policies, when Assured makes a disbursement, Assured expressly becomes a holder. See Assured Policies pertaining to the 2008 Bonds, at 1 (“Upon and to the extent of such disbursement, *[Assured] shall become the Holder of the [Assured UTGO Bonds] . . .*”).⁵ To date, Assured has made a number of disbursements under the Assured Policies, including a total of \$4,200,991.25 on October 1, 2013 and \$23,375,991.25 on April 1, 2014 (for a sum total of \$28,676,982.50). Accordingly, Assured is the holder of the Assured UTGO Bonds and is entitled to vote. See 11 U.S.C. § 1126(a) (“The holder of a claim . . . may accept or reject the plan.”)

8. Second, Assured is an assignee of the beneficial holders of the Assured UTGO Bonds. Under the terms of Assured Policies, Assured is assigned the rights of the beneficial holders of the Assured UTGO Bonds in exchange for any benefits the beneficial holders receive under the Assured Policies. See Assured Policies pertaining to the 2008 Bonds, at 1 (“The Trustee or Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of . . . evidence,

⁵ The Assured Policies pertaining to the 1999 Bonds and 2005 Bonds contain nearly identical language, but substitute the term “Owner” for “Holder.”

including without limitation *any appropriate instruments of assignment*, that all of the Holder's rights . . . shall thereupon vest in [Assured].")⁶ The express language of the Assured Policies leaves no doubt that, upon the disbursement of insurance payments by Assured on October 1, 2014 and April 1, 2014, Assured was assigned the rights of the beneficial holders of Assured UTGO Bonds, including the right to vote on the Plan.

9. Third, Assured is contractually subrogated to all rights of the beneficial holders of the Assured UTGO Bonds. Numerous provisions of the bond documents and the Assured Policies expressly provide that Assured is fully subrogated to all rights of the beneficial holders of the Assured UTGO Bonds. For example, the bond specimens for the 2008-A Bonds provide, "*The owner of this bond acknowledges and consents to the subrogation rights of Assured Guaranty as more fully set forth in the Policy.*" 2008-A Bond Specimen (emphasis added), a true and correct copy of which is attached hereto as Exhibit "6B." Moreover, the Assured Policies provide that "[Assured] . . . shall be *fully subrogated* to all of the Holder's right, title and interest . . . in respect of the [Assured UTGO Bonds]." Assured Policies pertaining to the 2008 Bonds, at 1; see also Assured Policies pertaining to the 1999 Bonds and 2005 Bonds, at 1 ("[Assured] . . . shall be fully subrogated to the rights of the Owner . . .").

⁶ The Assured Policies pertaining to the 1999 Bonds and 2005 Bonds contain nearly identical language, but substitute the term "Owner" for "Holder."

10. As a subrogee of the beneficial holders of the Assured UTGO Bonds, Assured is entitled to all rights of the beneficial holders of the Assured UTGO Bonds with respect to the claims arising from the Assured UTGO Bonds, including the right to vote:

Under the Subrogation Clause, therefore, [the subrogee] steps into the shoes of [the subrogor] with respect to the claim against [the debtor] and acquires all of [the subrogor's] rights with respect to that claim. [The subrogor's] right to vote on [the debtor's] reorganization plan flows from its claim in bankruptcy against [the debtor]. As a result, [the subrogee] succeeds to that right as subrogee of [the subrogor] and as the effective holder of [the subrogor's] claim.

Avondale Gateway Center Entitlement, LLC v. Nat'l Bank of Arizona, No. CV10-1772-PHX-DGC, 2011 WL 1376997, at *3 (D. Ariz. Apr. 12, 2011).⁷ Accordingly, Assured is contractually subrogated to all rights of the holder of the Assured UTGO Bonds, including the right to vote.

11. Fourth, Assured is subrogated to all rights of the beneficial holders of the Assured UTGO Bonds under the common law doctrine of equitable subrogation. At its core, equitable subrogation is a “flexible and elastic equitable doctrine,” Atlanta Int'l Ins. Co. v. Bell, 475 N.W.2d. 294, 298 (Mich. 1991), that “ought to be liberally applied to the protection of those who are its natural

⁷ See also, In re American Roads LLC, 496 B.R. 727 (Bankr. S.D.N.Y. 2013); Rosenfeld v. Coastal Broadcasting Systems, Inc. (In re Coastal Broadcasting Systems, Inc.), 2013 WL 3285936, (D.N.J. June 28, 2013); Blue Ridge Investors, II, LP v. Wachovia Bank, N.A. (In re Aerosol Packaging, LLC), 362 B.R. 43 (Bankr. N.D. Ga. 2006).

beneficiaries,” Fed. Ins. Co. v. Arthur Andersen, 75 N.Y.2d 366, 373 (N.Y. 1990). While the bond documents and Assured Policies provide that Assured is subrogated to the rights of the beneficial holders of the Assured UTGO Bonds to the extent of payment (and generally payment, and therefore loss to Assured, precedes subrogation), in certain circumstances, insurers may be subrogated to the rights of the insured prior to the insurer making a payment. See, e.g., Fid. & Cas. Co. of N.Y. v. First Nat’l Bank in Fort Lee, 397 F. Supp. 587 (D. N.J. 1975). In that case, the court noted that “[s]ubrogation . . . is applied pursuant to equitable standards and with due regard to the legal and equitable rights of others.” Id. at 589. In applying subrogation, the court held that “the most equitable result would be derived by giving a right of subrogation to the insurer” where the insurer had made the insured whole, but had not yet suffered a loss of its own. Id. at 590. Such a result was proper as it would avoid “an unnecessary legal fiction” of the insured proceeding on its own when it would only really be acting as “constructive trustee for the insurer.” Id.

12. Here, Assured is fully subrogated to the rights of the beneficial holders of the Assured UTGO Bonds because it has agreed to make them whole in accordance with the terms of the Assured Policies, and acted to do so when necessary. On two separate occasions—October 1, 2013 and April 1, 2014—Assured has acted to keep the beneficial holders of the Assured UTGO Bonds

whole by providing payment. Moreover, Assured has commenced litigation to protect the security of the Assured UTGO Bonds⁸ and has actively participated in mediation throughout the City's case. Indeed, Assured expects to resolve the underlying obligations to the beneficial holders of the Assured UTGO Bonds by entering into the UTGO Settlement which sets out the treatment of the claims arising from the UTGO Bonds in the Plan.⁹ All of these acts have inured to the benefit of the beneficial holders of the Assured UTGO Bonds, which have yet to, and will not, suffer a loss. Indeed, the circumstances present in this case are more compelling than those in Fort Lee. There, the insurer had yet to suffer a loss and was nevertheless fully subrogated to the insured. Id. at 590.¹⁰ Here, Assured has suffered a loss by making the beneficial holders of the Assured UTGO Bonds whole. As such, it would be an "unnecessary legal fiction" for the beneficial

⁸ Assured commenced an adversary proceeding against the City on November 8, 2013 captioned as National Public Finance Guarantee Corporation and Assured Guaranty Municipal Corporation v. City of Detroit, Michigan, et al., Case No. 13-05309 (Bankr. E.D. Mich.).

⁹ As described in footnote 4 above, Assured continues to negotiate the UTGO Settlement Agreement with the City and reserves all of its rights in the event that the UTGO Settlement Agreement is not finalized, is not approved by this Court or is breached by the City or any other party thereto.

¹⁰ See also Kumar v. Am. Transit Ins. Co., 49 A.D.3d 1353, 1355 (N.Y. Sup. Ct. 2008) ("We reject the contention . . . that the principle of equitable subrogation does not apply because [the insurer] has not yet paid the loss of its insured."); Allianz Underwriters Ins. Co. v. Landmark Ins. Co., 13 A.D.3d 172, 175 (N.Y. Sup. Ct. 2004) (holding that "Contingent claims by subrogees have been recognized, especially where it would further judicial economy."); Fed. Sav. & Loan Ins. Corp. v. Aetna Cas. & Sur. Co., 696 F. Supp. 1190, 1195 (E.D. Tenn. 1988) (holding that under federal law an insurer may "bring an action against third-parties who may be liable to the insurer for monies the insurer may have to pay under the bond, even if no money has yet been paid").

holders of the Assured UTGO Bonds to proceed as a “constructive trustee” for the benefit of Assured, as least with respect to voting.

13. Indeed, enforcing Assured’s exclusive right to vote all claims arising from the Assured UTGO Bonds is the only equitable result. The Bankruptcy Code is carefully crafted to ensure that only parties with a true financial stake in a debtor are empowered to shape the outcome of such debtor’s bankruptcy case by voting on a bankruptcy plan. See In re Combustion Eng’g, Inc., 391 F.3d 190, 244 (3d Cir. 2004) (voting rights “ensure[] the terms of the reorganization are monitored by those who have a financial stake in its outcome”). By guaranteeing the scheduled payment of the Assured UTGO Bonds when due in accordance with the terms of the Assured Policies, Assured has replaced the beneficial holders of the Assured UTGO Bonds as the only true financial stakeholder with respect to the Assured UTGO Bonds. Thus, permitting any party other than Assured to cast a vote with respect to claims arising from the Assured UTGO Bonds would be inequitable and wholly at odds with the purposes of the Bankruptcy Code.

III. PROPER TREATMENT FOR PURPOSES OF SECTION 1126(c) OF THE BANKRUPTCY CODE

14. As the sole voting party with respect to the Assured UTGO Bonds, Assured should be granted a single vote for the full allowed amount of the claims arising from the Assured UTGO Bonds.

WHEREFORE, Assured respectfully requests that the Court enter an order:
(i) granting Assured the exclusive right to vote with respect to all claims arising from the Assured UTGO Bonds; (ii) disallowing any vote cast by any party other than Assured with respect to any claim arising from the Assured UTGO Bonds; and (iii) granting such other and further relief as the Court deems just and proper.

Dated: New York, New York
May 23, 2014

CHADBOURNE & PARKE LLP

By: /s/ Lawrence A. Larose
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Municipal Corp. and
Assured Guaranty Corp.*

Exhibit 4
Certificate of Service

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re:

CITY OF DETROIT, MICHIGAN

Debtor.

Chapter 9

Case No. 13-53846

Hon. Steven W. Rhodes

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of May 2014, I caused the *Assured Notice of Asserted Right to Vote Claims in Class 8* to be filed with the Clerk of the Court using the CM/ECF system, which provides electronic notification of such filing to all counsel of record.

Dated: May 23, 2014
New York, New York

CHADBOURNE & PARKE LLP

By: /s/ Lawrence A. Larose

Lawrence A. Larose

Samuel S. Kohn

Robert J. Gayda

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*Attorneys for Assured Guaranty
Municipal Corp. and
Assured Guaranty Corp.*

Exhibit 5
Affidavits [None]

Exhibit 6A

Part 1

ORIGINAL

B10 (Official Form 10) (04/13) (Modified)

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT of MICHIGAN		CHAPTER 9 PROOF OF CLAIM RECEIVED FEB 20 2014 KURTZMAN CARSON CONSULTANTS COURT USE ONLY
Name of Debtor: City of Detroit, Michigan		Case Number: 13-53846
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Assured Guaranty Municipal Corp.		
Name and address where notices should be sent: Assured Guaranty Municipal Corp. 31 West 52nd Street New York, NY 10019 Attn: Kevin J. Lyons Tel: 212-339-3545 Email: Klyons@assuredguaranty.com Terence L. Workman Tel: 212-408-6053 Email: Tworkman@assuredguaranty.com		with copies to: Lawrence A. Larose Samuel S. Kohn Chadbourne & Parke LLP 30 Rockefeller Plaza New York, NY 10112 llarose@chadbourne.com skohn@chadbourne.com
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Telephone number: _____ email: _____ <input checked="" type="checkbox"/> Date Stamped Copy Returned <input type="checkbox"/> No self addressed stamped envelope <input type="checkbox"/> No copy to return		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.
1. Amount of Claim as of Date Case Filed: \$ <u>See attached Addendum</u>		
If all or part of your claim is secured, complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		
2. Basis for Claim: <u>Municipal Bond Insurance (Unlimited Tax General Obligation Bonds) – Insurer’s Claim</u>		See attached Addendum
3. Last four digits of any number by which creditor identifies debtor:		3a. Debtor may have scheduled account as: _____ (See instruction #3a)
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: Value of Property: \$ _____ Annual Interest Rate (when case was filed) _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ <u>See attached Addendum</u> Basis for perfection: <u>See attached Addendum</u> Amount of Secured Claim: \$ <u>See attached Addendum</u> Amount Unsecured: \$ <u>See attached Addendum</u>
5. Amount of Claim Entitled to Priority as an Administrative Expense under 11 U.S.C. §§ 503(b)(9) and 507(a)(2).		\$ _____
5b. Amount of Claim Otherwise Entitled to Priority. Specify Applicable Section of 11 U.S.C. § _____		\$ _____
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)		
7. Documents: Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements, or in the case of a claim based upon an open-end or revolving consumer credit agreement, a statement providing the information required by FRBP 3001(c)(3)(A). If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
8. Signature: (See instruction #8) Check the appropriate box. <input checked="" type="checkbox"/> I am the creditor. <input type="checkbox"/> I am the creditor's authorized agent. <input type="checkbox"/> I am the trustee, or the debtor or their authorized agent. <input type="checkbox"/> I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.) I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief. Print Name: <u>Holly Horn</u> Title: <u>Chief Surveillance Officer – Public Finance</u> Company: <u>Assured Guaranty Municipal Corp.</u> Address and telephone number (if different from notice address above): <u>31 West 52nd Street New York, NY 10019</u> _____ Telephone number: (212) 339-3526 email: hhorn@assuredguaranty.com		
		_____ (Signature) (Date)

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for _____

13-53846-swr Doc 5015-1 Filed 05/23/14 Entered 05/23/14 14:18:01 Page 2 of 2



CHADBOURNE
& PARKE LLP

30 Rockefeller Plaza, New York, NY 10112

tel (212) 408-5100 fax (212) 541-5369

David M. Bava
(212) 408-5477
dbava@chadbourne.com

February 19, 2014

City of Detroit Claims Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

Re: In re: City of Detroit, Michigan - Case No. 13-53846-swr
Proofs of Claim

Ladies and Gentlemen:

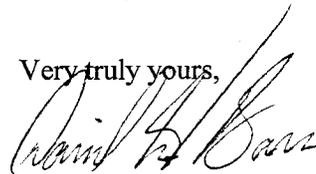
I enclose herewith an original set and one copy set for a total of six (6) proofs of claim to be filed on behalf of Assured Guaranty Municipal Corp. against the above-referenced debtor. Please file the original claims, stamp the marked copy set as evidence of filing and return them to the undersigned using the enclosed pre-addressed Federal Express airbill.

I will confirm receipt of the enclosed by contacting Joe Bunning on Thursday, February 20, 2014.

If you have any questions regarding the enclosed please feel free to contact me directly.

Thank you for your assistance with these filings.

Very truly yours,



David M. Bava
Case Manager

Enclosures

VIA OVERNIGHT DELIVERY

DMB/

cc: Samuel S. Kohn, Esq. (without Enclosures)
Mr. Seth Bloomfield (without Enclosures)



**Addendum to Proof of Claim
of Assured Guaranty Municipal Corp.**

This Addendum to Proof of Claim ("Addendum") shall be deemed to be a part of, and incorporated by reference into, the attached proof of claim (together with this Addendum and all Exhibits hereto, the "Claim") filed by Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc. (the "Claimant") against the City of Detroit, Michigan (the "Debtor"). On July 18, 2013 (the "Petition Date"), the Debtor filed a petition for relief under chapter 9 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court"), at Case No. 13-53846-swr.

A. Statement of Claim

Claimant files this Claim, on its own behalf for (1) the disbursement of insurance payments that Claimant has made on certain insurance policies issued by the Claimant to insure unlimited tax general obligation bonds issued by the Debtor; (2) all fees and expenses related to this disbursement of insurance payments; and (3) all future disbursements of insurance payments that Claimant may make in the future, and the associated fees and expenses with such future disbursements.

B. Basis for Claim

In accordance with the authorizing resolutions (the "Resolutions") enacted by the City Council of Detroit (the "City Council"), the Debtor's legislative body, the Debtor issued several series of unlimited tax general obligation bonds (collectively, the "Unlimited Tax Bonds"), pursuant to Chapter 141 of the Michigan Public Acts, including Act 34 of 2001, the Revised Municipal Finance Act, Michigan Compiled Laws ("MCL") § 141.2101 *et seq.* and Act 189 of 1979, the Unlimited Tax Election Act, MCL § 141.161 *et seq.* The Unlimited Tax Bonds were

issued to fund public capital improvements identified by the Mayor and the City Council. Issuance of the Unlimited Tax Bonds required approval by a majority of the votes in city-wide elections establishing a pledge of *ad valorem* taxes, as security, to repay obligations under the Unlimited Tax Bonds exclusively.

Specifically, the Debtor has issued, among others, the following series of Unlimited Tax Bonds (collectively, the “Claimant Bonds”):

- General Obligation (Unlimited Tax) Series 1999-A (the “1999 Bonds”), issued pursuant to the March 3, 1999 Resolution and a sale order issued by the then finance director on April 1, 1999 (the “1999 Sale Order”); and
- General Obligation Bonds (Unlimited Tax) Series 2005-B (the “2005-B Bonds”) and General Obligation Refunding Bonds (Unlimited Tax) Series 2005-C (the “2005-C Bonds” and, collectively with the 2005-B Bonds, the “2005 Bonds”), issued pursuant to the July 6, 2005 Resolution and a sale order issued by the then finance director on December 5, 2005 (the “2005 Sale Order”).

Under the terms of the Unlimited Tax Bonds and applicable Resolutions and laws, the Debtor is required to:

- levy *ad valorem* taxes for the exclusive purpose of repaying the Unlimited Tax Bonds, without limitation as to rate or amount, and in the amount necessary to repay the obligations—taxes that are separate from and in addition to other *ad valorem* taxes the City is authorized to levy (the “Unlimited Tax Levy”);
- collect the proceeds of the Unlimited Tax Levy and deposit such proceeds in segregated debt retirement funds (the “Debt Retirement Funds”); and
- use the proceeds of the Unlimited Tax Levy (the “Restricted Funds”) only to pay principal of and interest on the Unlimited Tax Bonds.

Claimant, under its former name Financial Security Assurance Inc., issued municipal bond insurance policies (the “Claimant Policies,” true and correct copies of which are attached hereto as Exhibit A) insuring the Debtor’s payment obligations under the Claimant Bonds as set forth below:

Bond Series	Policy Number	Effective Date
1999	25071-N	April 13, 1999
2005-B	206130-N	December 13, 2005
2005-C	206129-N	December 13, 2005

As of December 31, 2013, Claimant insures a gross par outstanding amount of \$81,665,000.00 of Claimant Bonds.

According to the Claimant Policies, and subject to certain limitations, Claimant is obligated to pay the registered owners of applicable Claimant Bonds (the "Claimant Bondholders") the face amount of principal and interest on any Claimant Bond that is then due for payment, but is then unpaid by reason of nonpayment by the Debtor (all payments made by Claimant to Claimant Bondholders on account of such obligation, the "Claimant Bond Insurance Payments"). The Claimant Policies provide that upon disbursement of Claimant Bond Insurance Payments, Claimant shall be fully subrogated to all of the Claimant Bondholders' rights, title and interest under the Claimant Bonds to the extent of any Claimant Bond Insurance Payments, including, without limitation, the right to receive payment from the Debtor under the Claimant Bonds.

On October 1, 2013, the City failed to make scheduled payments under all of the Claimant Bonds. On October 1, 2013 Claimant disbursed a gross amount of Claimant Bond Insurance Payments of \$2,037,867.00¹ to the Claimant Bondholders in accordance with the terms of the Claimant Policies. The next scheduled principal payments on the Claimant Bonds is April 1, 2014.

¹ Claimant disbursed a gross amount of \$468,694.00 for the 1999 Bonds, \$458,118.00 for the 2005-C Bonds, and \$1,111,055.00 for the 2005-B Bonds.

Claimant's claim² is based on the provisions of the Resolutions, the Sale Orders, the Claimant Policies, and all other documents entered into in connection with the issuance of the Claimant Bonds, the Claimant Policies, and all related transactions (collectively, the "Claimant Bond Documents"). Claimant is informed and believes that the Debtor has copies of all or substantially all of the Claimant Bond Documents in its possession or control. However, upon written request to counsel to Claimant at the notice address shown below, Claimant will make available copies of supporting documents reasonably requested by the Debtor to the extent such documents are in Claimant's possession or control.

C. Amount and Nature of Claim

(1) Claimant's Secured, Fixed and Liquidated and Related Reimbursement Claims

(a) Claimant's Secured, Fixed and Liquidated Claim

Claimant asserts a secured, fixed and liquidated claim in the amount of \$2,037,867.00 for all amounts that are due and owing from the Debtor to the Claimant under the provisions of the Claimant Bond Documents, the Bankruptcy Code, and applicable law based on Claimant's rights of subrogation on account of all Claimant Bond Insurance Payments paid on or about October 1, 2013, with interest thereon as set forth, and at the rates identified, in the Bond Documents (including default interest, as applicable) ("Interest"). Claimant reserves the right to supplement the amount of this secured, fixed and liquidated claim, to the extent that the Debtor fails to make scheduled principal payments on the Claimant Bonds on April 1, 2014.

² As such "claim" is defined in section 101(5)(A) of the Bankruptcy Code.

Claimant asserts a secured claim.³ Claimant has a statutory lien within the meaning of 11 U.S.C. § 101(53) pursuant to the Debtor's binding pledge to pay the principal of and interest on the Unlimited Tax Bonds from the proceeds of the Unlimited Tax Levy. Additionally, or in the alternative, Claimant has a lien on the Unlimited Tax Levy and Restricted Funds, which are special revenues within the meaning of 11 U.S.C. § 928, wholly dedicated to repayment of outstanding Unlimited Tax Bonds and not otherwise available to fund distributions to creditors under a plan of adjustment or for any other purpose. Furthermore, because Chapter 141 of the Michigan Public Acts and the Claimant Bond Documents create an equitable and beneficial property interest in the Restricted Funds in favor of the Claimant Bondholders, the Debtor holds the Restricted Funds in trust for no other purpose than paying debt service on the Unlimited Tax Bonds and the Debtor cannot use the Restricted Funds for any other purpose without just compensation to the Claimant Bondholders as required by the Fifth and Fourteenth Amendments to the United States Constitution.

(b) Related Contractual Reimbursement Claim

Claimant asserts a claim for contractual reimbursement for all charges, fees, costs, losses, liabilities and expenses heretofore or hereafter incurred or paid by Claimant in connection with the Bonds and the Bond Documents, reimbursable under the Bond Documents and/or applicable

³ Claimant's claim is currently listed on Debtor's schedule as "contingent" and "unsecured." As expressly provided in the Order, Pursuant to Sections 105, 501 and 503 of the Bankruptcy Code and Bankruptcy Rules 2002 and 3003(c), Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof (Docket No. 1782) (the "Bar Date Order"), however, the classification, priority, and treatment of claims for principal and interest under the Unlimited Tax Bonds are not affected by any provision of the Bar Date Order or by whether or not the Claimant or the Claimant Bondholders file or do not file proofs of claim. See Bar Date Order ¶ 15. The secured status of Claimant's claim will ultimately be determined in the adversary proceeding commenced by the Claimant against the Debtor, Nat'l Pub. Fin. Guarantee Corp. v. City of Detroit Michigan, No. 13-05309-swr (the "Adversary Proceeding").

law ("Fees and Expenses") associated with the \$2,037,867.00 of Claimant Bond Insurance Payments paid by Claimant to the Claimant Bondholders paid on October 1, 2013, with Interest thereon.

(2) *Claimant's Secured, Contingent and Unliquidated and Related Contractual Reimbursement Claims*

Claimant asserts a secured, contingent and unliquidated claim for all amounts that are or that shall become due and owing from the Debtor to the Claimant under the provisions of the Claimant Bond Documents, the Bankruptcy Code, and applicable law based on Claimant's rights of subrogation on account of any and all Claimant Bond Insurance Payments [in a principal amount of up to \$81,665,000.00] with Interest; and (ii) a secured claim for contractual reimbursement for all related Fees and Expenses, with Interest thereon.

(3) *Claimant's Claim for Unlawful Injury*

Claimant also asserts a claim for the injury caused by the Debtor's violation of both Chapter 141 of the Michigan Public Acts and Claimant Bond Documents when the Debtor failed to make scheduled payments on all of the Claimant Bonds on October 1, 2013. Claimant's injury includes, but is not limited to, the Claimant Bond Insurance Payments of \$2,037,867.00 disbursed to the Claimant Bondholders in accordance with the terms of the Claimant Policies. This claim, a post-petition tort claim, may rise to the level of administrative expense as defined by 11 U.S.C. § 503(b)(1) and interpreted by the Supreme Court and the Sixth Circuit.

D. Reservation of Rights and/or Remedies

Claimant is not required to assert any claims for administrative expenses at this time. Claimant reserves all rights to file a request for payment of administrative expenses in accordance with 11 U.S.C. § 503 and 11 U.S.C. § 507, including all Fees and Expenses.

Nothing contained in this Claim shall be construed as limiting any of Claimant's rights, remedies, or interests. The execution and filing of this Claim is not and shall not be deemed or construed as: (a) a waiver of any of Claimant's rights in the Adversary Proceeding, including but not limited to, obtaining a determination by the Bankruptcy Court that Claimant's claim is secured; (b) a submission by the Claimant to the jurisdiction of this Court or any other court with respect to this Claim or to proceedings, if any, commenced in any case against or otherwise involving the Claimant; (c) a waiver of the Claimant's right to amend or supplement any claim it has filed or will file that may be based on the same or additional facts and circumstances giving rise to the claims asserted herein; (d) a waiver or release of Claimant's right to trial by jury in any proceeding as to any and all matters so triable herein, whether or not the same be designated legal or private rights or in any case, controversy or proceeding related hereto, notwithstanding the designation or not of such matters as "core proceedings" pursuant to 28 U.S.C. § 157(b)(2), and whether such jury trial right is pursuant to statute or the United States Constitution; (e) a waiver or release of the Claimant's right to a jury trial in this Court or any other court in an proceeding as to any and all matters so triable herein or in any case, controversy, or proceeding related hereto, pursuant to 28 U.S.C. § 157(e) or otherwise; (f) a waiver or release of Claimant's right to have any and all final orders in any and all non-core matters or proceedings entered only after *de novo* review by a United States District Court Judge; (g) a waiver of the right to move to withdraw the reference with respect to the subject matter of this Claim, any objection thereto or any other proceeding which may be commenced in these cases against or otherwise involving Claimant; (h) an election of remedies; (i) a waiver of any right to file a proof of claim under Federal Rule of Bankruptcy Procedure 3005(a); or (j) a waiver of any rights or claims of

Claimant in its capacity as holder of one or more of Claimant Bonds, if and to the extent applicable.

The terms of this paragraph shall not constitute or be deemed to constitute a waiver, on the one hand, by the Claimant of the right to allowance of its claims, the right to vote those claims in support of or against one or more plans of reorganization or liquidation, or the right to receive distributions on account of such claims, or the rights of any other party, on the other hand, to dispute such allowance, right to vote, or right to receive distributions on account of such claims.

The Claimant expressly reserves all rights, defenses and remedies that the Claimant has or may have against the Debtor or any other person or persons liable for all or part of the indebtedness claimed herein. The Claimant also reserves its right to amend and supplement this Claim and to file additional proofs of claim for any additional claims it might have.

To Claimant's knowledge, the Claim is not subject to any right of setoff, recoupment or counterclaim by the Debtor. Claimant hereby asserts and preserves any and all setoff and recoupment rights to which Claimant is entitled under 11 U.S.C. § 553 or otherwise.

E. Notices

All notices and other pleadings relating to this Claim should be addressed as follows:

Assured Guaranty Municipal Corp.
31 West 52nd Street
New York, NY 10019
Attn: Kevin J. Lyons
Telephone: (212) 339-3546
Email: klyons@assuredguaranty.com

Attn: Terence L. Workman
Telephone: (212) 408-6053
Email: tworkman@assuredguaranty.com

with a copy to

Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, N.Y. 10112
Attn: Lawrence A. Larose, Esq.
Samuel S. Kohn, Esq.
Email: llarose@chadbourne.com
skohn@chadbourne.com

Exhibit A

CONFIDENTIAL INFORMATION

JApfel@chadbourne.com



**FINANCIAL
SECURITY
ASSURANCE**

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: City of Detroit, Michigan

Policy No.: 25071-N

BONDS: \$39,380,000 in aggregate principal amount of
General Obligation Bonds (Unlimited Tax),
Series 1999-A maturing April 1 in the years
2004 through 2019, inclusive

Effective Date: April 13, 1999

Premium: \$389,633.89

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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JApfel@chadbourn.com

Page 2 of 2
Policy No. 25071-N

Detroit/28:10:2013 09:37

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or teletyped notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

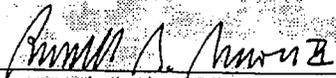
Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By 
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)

Financial Security Assurance Inc.

JApfel@chadbourne.com

April 13, 1999

Detroit/2010-2019 09:37

Municipal Bond Insurance Policy No. 25071-N With Respect to \$99,380,000 In Aggregate Principal Amount of City of Detroit, Michigan

General Obligation Bonds (Unlimited Tax), Series 1999-A maturing April 1 in the years 2004 through 2019, inclusive

Ladies and Gentlemen:

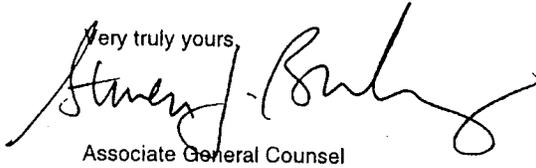
I am Associate General Counsel of Financial Security Assurance Inc., a New York stock insurance company ("Financial Security"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by Financial Security of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. Financial Security is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by Financial Security.
3. The Policy constitutes the valid and binding obligation of Financial Security, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of Financial Security and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE - Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated April 1, 1999 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, referred to or omitted from under the caption "BOND INSURANCE - Financial Security Assurance Inc."

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,

Associate General Counsel

City of Detroit,
1210 City-County Building,
Detroit, Michigan 48226.

J.P. Morgan & Co.,
as Representative of the Underwriters,
60 Wall Street,
New York, New York 10260-0060.

350 Park Avenue · New York, New York 10022 · Tel: 212.826.0100 · Fax: 212.688.3101

[2.2.1.1] New York · Dallas · San Francisco · London · Madrid · Paris · Singapore · Sydney

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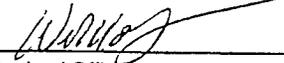
DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF FINANCIAL SECURITY ASSURANCE INC.

The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 25071-N (the "Policy") in respect of the \$39,380,000 in aggregate principal amount of City of Detroit, Michigan General Obligation Bonds (Unlimited Tax), Series 1999-A, maturing April 1 in the years 2004 through 2019, inclusive (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE - Financial Security Assurance Inc." in the official statement dated April 1, 1999 relating to the Bonds, together with the information in paragraph (ii) below, is true and correct,
- (ii) at December 31, 1998, Financial Security's total policyholders' surplus and contingency reserves were approximately \$1,037,710,000 and its total unearned premium reserve was approximately \$595,900,000 in accordance with statutory accounting principles. At December 31, 1998, Financial Security's total shareholders' equity was approximately \$1,104,591,000 and its total net unearned premium reserve was approximately \$504,603,000 in accordance with generally accepted accounting principles,
- (iii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iv) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (v) the insurance premium of \$389,633.89 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (vi) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vii) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (viii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (ix) Financial Security does not expect that a claim will be made on the Policy,
- (x) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (xi) for Bonds which are secured by a debt service reserve, Financial Security would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: 
Authorized Officer

Dated: April 13, 1999



FINANCIAL SECURITY ASSURANCE

MUNICIPAL BOND INSURANCE POLICY

Detroit/28:10:2013 09:38

ISSUER: City of Detroit, Michigan

Policy No.: 206130-N

BONDS: \$51,760,000 in aggregate principal amount of General Obligation Bonds (Unlimited Tax), Series 2005-B

Effective Date: December 13, 2005

Premium: \$911,511.33

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day, otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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Page 2 of 2
Policy No. 206130-N

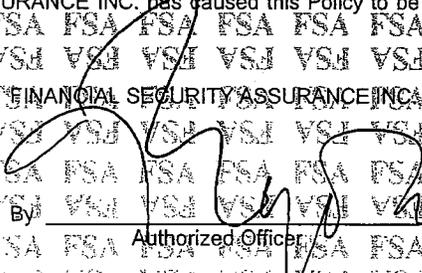
United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim; (b) the Policy Number; (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security, and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud) whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment or provision being made for payment of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

By  Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-9100

Form 500NY (5/90)

CONFIDENTIAL INFORMATION



A Dexia Company

December 13, 2005

Detroit/28:10:2013 09:38

Municipal Bond Insurance Policy No. 206130-N With Respect to
\$51,760,000 In Aggregate Principal Amount of
City of Detroit, Michigan
General Obligation Bonds (Unlimited Tax), Series 2005-B

Ladies and Gentlemen:

I am Associate General Counsel of Financial Security Assurance Inc., a New York stock insurance company ("Financial Security"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by Financial Security of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. Financial Security is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by Financial Security.
3. The Policy constitutes the valid and binding obligation of Financial Security, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of Financial Security and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE – Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated December 8, 2005 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, referred to or omitted from under the caption "BOND INSURANCE – Financial Security Assurance Inc."

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Reed Mills'.

Associate General Counsel

City of Detroit, Michigan,
1200 Coleman A. Young Municipal Center
2 Woodward Avenue, Finance Department,
Detroit, Michigan 48226.

JP Morgan Securities,
as Representative of the Underwriters,
131 South Dearborn, 8th floor,
Chicago, Illinois 60670-0826.

Financial Security Assurance

31 West 52nd Street · New York, New York 10019 · Tel: 212.826.0100 · Fax: 212.688.3101
New York · Dallas · San Francisco · London · Madrid · Paris · Singapore · Sydney · Tokyo

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JApfel@ohadbourne.com
DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
FINANCIAL SECURITY ASSURANCE INC.

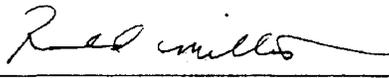
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The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 206130-N (the "Policy") in respect of the \$51,760,000 in aggregate principal amount of City of Detroit, Michigan General Obligation Bonds (Unlimited Tax), Series 2005-B (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE – Financial Security Assurance Inc." in the official statement dated December 8, 2005, relating to the Bonds is true and correct,
- (ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) the insurance premium of \$911,511.33 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (viii) Financial Security does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) for Bonds which are secured by a debt service reserve, Financial Security would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: 
Authorized Officer

Dated: December 13, 2005

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NOTICE OF CLAIM AND CERTIFICATE

Financial Security Assurance Inc.
31 West 52nd Street
New York, NY 10019

The undersigned, a duly authorized officer of [FULL NAME OF TRUSTEE or PAYING AGENT] (the "Trustee/Paying Agent"), hereby certifies to Financial Security Assurance Inc. ("Financial Security"), with reference to Municipal Bond Insurance Policy No. 206130-N dated December 13, 2005 (the "Policy") issued by Financial Security in respect of the City of Detroit, Michigan General Obligation Bonds (Unlimited Tax), Series 2005-B (the "Bonds"), that:

(i) The Trustee/Paying Agent is the Trustee/Paying Agent under the document authorizing the issuance of the Bonds (the "Indenture") for the Holders.

(ii) The sum of all amounts on deposit (or scheduled to be on deposit) in the [RELEVANT ACCOUNTS] and available for distribution to the Holders pursuant to the Indenture will be \$ _____ (the "Shortfall") less than the aggregate amount of principal and interest Due for Payment on _("Scheduled Payments").

(iii) The Trustee/Paying Agent is making a claim under the Policy for the Shortfall to be applied to the payment of Scheduled Payments.

(iv) The Trustee/Paying Agent agrees that, following receipt of funds from Financial Security, it shall (a) hold such amounts in trust and apply the same directly to the payment of Scheduled Payments on the Bonds when due; (b) not apply such funds for any other purpose; (c) not commingle such funds with other funds held by the Trustee/Paying Agent and (d) maintain an accurate record of such payments with respect to each Bond and the corresponding claim on the Policy and proceeds thereof, and, if the Bond is required to be [SURRENDERED/PRESENTED] for such payment, shall stamp on each such Bond the legend "\$[insert applicable amount] paid by Financial Security and the balance hereof has been canceled and reissued" and then shall deliver such Bond to Financial Security.

(v) The Trustee/Paying Agent, on behalf of the Holders, hereby assigns to Financial Security the rights of the Holders with respect to the Bonds to the extent of any payments under the Policy, including, without limitation, any amounts due to the Holders in respect of securities law violations arising from the offer and sale of the Bonds. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to Financial Security in respect of such payments. Payments to Financial Security in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Holders to receive all Scheduled Payments in respect of the Bonds. The Trustee/Paying Agent shall take such action and deliver such instruments as may be reasonably requested or required by Financial Security to effectuate the purpose or provisions of this clause (v).

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(vi) The Trustee/Paying Agent, on its behalf and on behalf of the Holders, hereby appoints Financial Security as agent and attorney-in-fact for the Trustee/Paying Agent and each such Holder in any legal proceeding with respect to the Bonds. The Trustee/Paying Agent hereby agrees that, so long as Financial Security shall not be in default in its payment obligations under the Policy, Financial Security may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim in connection with an Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment made with respect to the Bonds (a "Preference Claim"), (B) the direction of any appeal of any order relating to any Preference Claim at the expense of Financial Security but subject to reimbursement as provided in the Indenture and (C) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition, the Trustee/Paying Agent hereby agrees that Financial Security shall be subrogated to, and the Trustee/Paying Agent on its behalf and on behalf of each Holder, hereby delegates and assigns, to the fullest extent permitted by law, the rights of the Trustee/Paying Agent and each Holder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(vii) Payment should be made by wire transfer directed to [SPECIFY INSURANCE ACCOUNT].

Unless the context otherwise requires, capitalized terms used in this Notice of Claim and Certificate and not defined herein shall have the meanings provided in the Policy.

IN WITNESS WHEREOF, the Trustee/Paying Agent has executed and delivered this Notice of Claim and Certificate as of the _____ day of _____, _____.

By _____

Title _____

For Financial Security or

Fiscal Agent Use Only

Wire transfer sent on _____ By _____

Confirmation Number _____



FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND INSURANCE POLICY

Detroit/28:10:2013 09:38

ISSUER: City of Detroit, Michigan

Policy No.: 206129-N

BONDS: \$30,805,000 in aggregate principal amount of General Obligation Refunding Bonds (Unlimited Tax), Series 2005-C

Effective Date: December 13, 2005

Premium: \$392,483.01

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 4:00 pm (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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Page 2 of 2
Policy No. 206129-N

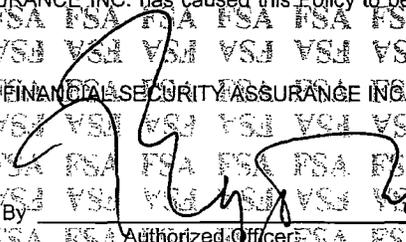
United States Bankruptcy Code, by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or teletyped notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

By 
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
31 West 52nd Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)

CONFIDENTIAL INFORMATION



A Dexia Company

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December 13, 2005

Detroit/28:10:2013 09:38

Municipal Bond Insurance Policy No. 206129-N With Respect to

\$30,805,000 In Aggregate Principal Amount of
City of Detroit, Michigan
General Obligation Refunding Bonds (Unlimited Tax), Series 2005-C

Ladies and Gentlemen:

I am Associate General Counsel of Financial Security Assurance Inc., a New York stock insurance company ("Financial Security"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by Financial Security of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. Financial Security is a stock insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by Financial Security.
3. The Policy constitutes the valid and binding obligation of Financial Security, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of Financial Security and to the application of general principles of equity.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE – Bond Insurance Policy" in the official statement relating to the above-referenced Bonds dated December 8, 2005 (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, referred to or omitted from under the caption "BOND INSURANCE – Financial Security Assurance Inc."

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

Very truly yours,

Associate General Counsel

CONFIDENTIAL INFORMATION

JApfel@chadbourne.com
DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF
FINANCIAL SECURITY ASSURANCE INC.

Detroit/29-10-2012 09:28
The undersigned hereby certifies on behalf of Financial Security Assurance Inc. ("Financial Security"), in connection with the issuance by Financial Security of its Policy No. 206129-N (the "Policy") in respect of the \$30,805,000 aggregate principal amount of City of Detroit, Michigan General Obligation Refunding Bonds (Unlimited Tax), Series

2005-C (the "Bonds") that:

- (i) the information set forth under the caption "BOND INSURANCE -- Financial Security Assurance Inc." in the official statement dated December 8, 2005, relating to the Bonds is true and correct,
- (ii) Financial Security is not currently in default nor has Financial Security ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation,
- (iii) the Policy is an unconditional and recourse obligation of Financial Security (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds in the event of Nonpayment by the Issuer (as set forth in the Policy),
- (iv) the insurance premium of \$392,483.01 (the "Premium") is a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to Financial Security as a condition to the issuance of the Policy,
- (v) no portion of such Premium represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by Financial Security to maintain its ratings, which, together with all other overhead expenses of Financial Security, are taken into account in the formulation of its rate structure, or for the provision of additional services by us, nor the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor),
- (vi) Financial Security is not providing any services in connection with the Bonds other than providing the Policy, and except for the Premium, Financial Security will not use any portion of the Bond proceeds,
- (vii) except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by Financial Security,
- (viii) Financial Security does not expect that a claim will be made on the Policy,
- (ix) the Issuer is not entitled to a refund of the premium for the Policy in the event a Bond is retired before the final maturity date, and
- (x) for Bonds which are secured by a debt service reserve, Financial Security would not have issued the Policy unless the authorizing or security agreement for the Bonds provided for a debt service reserve account or fund funded and maintained in an amount at least equal to, as of any particular date of computation, the reserve requirement as set forth in such agreement.

Financial Security makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

FINANCIAL SECURITY ASSURANCE INC.

By: 

Authorized Officer

[2.2.1.10] [UTGO Series 2005-B, 2005-C (Closing Memorandum).pdf] [Page 665 of 676]

Dated: December 13, 2005

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NOTICE OF CLAIM AND CERTIFICATE

Financial Security Assurance Inc.
31 West 52nd Street
New York, NY 10019

The undersigned, a duly authorized officer of [FULL NAME OF TRUSTEE or PAYING AGENT] (the "Trustee/Paying Agent"), hereby certifies to Financial Security Assurance Inc. ("Financial Security"), with reference to Municipal Bond Insurance Policy No. 206129-N dated December 13, 2005 (the "Policy") issued by Financial Security in respect of the City of Detroit, Michigan General Obligation Refunding Bonds (Unlimited Tax), Series 2005-C (the "Bonds"), that:

(i) The Trustee/Paying Agent is the Trustee/Paying Agent under the document authorizing the issuance of the Bonds (the "Indenture") for the Holders.

(ii) The sum of all amounts on deposit (or scheduled to be on deposit) in the [RELEVANT ACCOUNTS] and available for distribution to the Holders pursuant to the Indenture will be \$ _____ (the "Shortfall") less than the aggregate amount of principal and interest Due for Payment on _("Scheduled Payments").

(iii) The Trustee/Paying Agent is making a claim under the Policy for the Shortfall to be applied to the payment of Scheduled Payments.

(iv) The Trustee/Paying Agent agrees that, following receipt of funds from Financial Security, it shall (a) hold such amounts in trust and apply the same directly to the payment of Scheduled Payments on the Bonds when due; (b) not apply such funds for any other purpose; (c) not commingle such funds with other funds held by the Trustee/Paying Agent and (d) maintain an accurate record of such payments with respect to each Bond and the corresponding claim on the Policy and proceeds thereof, and, if the Bond is required to be [SURRENDERED/PRESENTED] for such payment, shall stamp on each such Bond the legend "\$[insert applicable amount] paid by Financial Security and the balance hereof has been canceled and reissued" and then shall deliver such Bond to Financial Security.

(v) The Trustee/Paying Agent, on behalf of the Holders, hereby assigns to Financial Security the rights of the Holders with respect to the Bonds to the extent of any payments under the Policy, including, without limitation, any amounts due to the Holders in respect of securities law violations arising from the offer and sale of the Bonds. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to Financial Security in respect of such payments. Payments to Financial Security in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Holders to receive all Scheduled Payments in respect of the Bonds. The Trustee/Paying Agent shall take such action and deliver such instruments as may be reasonably requested or required by Financial Security to effectuate the purpose or provisions of this clause (v).

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JApfel@chadbourne.com

Detroit/28:10:2013 09:38

(vi) The Trustee/Paying Agent, on its behalf and on behalf of the Holders, hereby appoints Financial Security as agent and attorney-in-fact for the Trustee/Paying Agent and each such Holder

Financial Security as agent and attorney-in-fact for the Trustee/Paying Agent and each such Holder in any legal proceeding with respect to the Bonds. The Trustee/Paying Agent hereby agrees that, so long as Financial Security shall not be in default in its payment obligations under the Policy, Financial Security may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim in connection with an Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment made with respect to the Bonds (a "Preference Claim"), (B) the direction of any appeal of any order relating to any Preference Claim at the expense of Financial Security but subject to reimbursement as provided in the Indenture and (C) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition, the Trustee/Paying Agent hereby agrees that Financial Security shall be subrogated to, and the Trustee/Paying Agent on its behalf and on behalf of each Holder, hereby delegates and assigns, to the fullest extent permitted by law, the rights of the Trustee/Paying Agent and each Holder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(vii) Payment should be made by wire transfer directed to [SPECIFY INSURANCE ACCOUNT].

Unless the context otherwise requires, capitalized terms used in this Notice of Claim and Certificate and not defined herein shall have the meanings provided in the Policy.

IN WITNESS WHEREOF, the Trustee/Paying Agent has executed and delivered this Notice of Claim and Certificate as of the _____ day of _____.

By _____

Title _____

For Financial Security or
Fiscal Agent Use Only
Wire transfer sent on _____ By _____
Confirmation Number _____

Exhibit 6A

Part 2

ORIGINAL

B10 (Official Form 10) (04/13) (Modified)

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT of MICHIGAN		CHAPTER 9 RECEIVED CLAIM FEB 20 2014 KURTZMAN CARSON CONSULTANTS COURT USE ONLY	
Name of Debtor: City of Detroit, Michigan		Case Number: 13-53846	
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing.			
Name of Creditor (the person or other entity to whom the debtor owes money or property): Assured Guaranty Corp.		<input type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____	
Name and address where notices should be sent: with copies to: <table style="width:100%; border: none;"> <tr> <td style="width:50%; border: none;"> Assured Guaranty 31 West 52nd Street New York, NY 10019 Attn: Kevin J. Lyons Tel: 212-339-3545 Email: Klyons@assuredguaranty.com Terence L. Workman Tel: 212-408-6053 Email: Tworkman@assuredguaranty.com </td> <td style="width:50%; border: none;"> Lawrence A. Larose Samuel S. Kohn Chadbourne & Parke LLP 30 Rockefeller Plaza New York, NY 10112 llarose@chadbourne.com skohn@chadbourne.com </td> </tr> </table>			Assured Guaranty 31 West 52nd Street New York, NY 10019 Attn: Kevin J. Lyons Tel: 212-339-3545 Email: Klyons@assuredguaranty.com Terence L. Workman Tel: 212-408-6053 Email: Tworkman@assuredguaranty.com
Assured Guaranty 31 West 52nd Street New York, NY 10019 Attn: Kevin J. Lyons Tel: 212-339-3545 Email: Klyons@assuredguaranty.com Terence L. Workman Tel: 212-408-6053 Email: Tworkman@assuredguaranty.com	Lawrence A. Larose Samuel S. Kohn Chadbourne & Parke LLP 30 Rockefeller Plaza New York, NY 10112 llarose@chadbourne.com skohn@chadbourne.com		
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.	
Telephone number: email: <div style="text-align: center; margin-top: 5px;"> <input checked="" type="checkbox"/> Date Stamped Copy Returned <input type="checkbox"/> No self addressed stamped envelope <input type="checkbox"/> No copy to return </div>			
1. Amount of Claim as of Date Case Filed: \$ <u>See attached Addendum</u> If all or part of your claim is secured, complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.			
2. Basis for Claim: <u>Municipal Bond Insurance (Unlimited Tax General Obligation Bonds) – Insurer’s Claim</u> See attached Addendum (See instruction #2)			
3. Last four digits of any number by which creditor identifies debtor:		3a. Debtor may have scheduled account as: _____ (See instruction #3a)	
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any: \$ <u>See attached Addendum</u> Basis for perfection: <u>See attached Addendum</u>	
Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe:		Amount of Secured Claim: \$ <u>See attached Addendum</u> Amount Unsecured: \$ <u>See attached Addendum</u>	
Value of Property: \$ _____ Annual Interest Rate (when case was filed) _____ % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable			
5. Amount of Claim Entitled to Priority as an Administrative Expense under 11 U.S.C. §§ 503(b)(9) and 507(a)(2). \$ _____			
5b. Amount of Claim Otherwise Entitled to Priority. Specify Applicable Section of 11 U.S.C. § _____ \$ _____			
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)			
7. Documents: Attached are redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements, or in the case of a claim based upon an open-end or revolving consumer credit agreement, a statement providing the information required by FRBP 3001(c)(3)(A). If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:			
8. Signature: (See instruction #8) Check the appropriate box. <input checked="" type="checkbox"/> I am the creditor. <input type="checkbox"/> I am the creditor's authorized agent. <input type="checkbox"/> I am the trustee, or the debtor or their authorized agent. <input type="checkbox"/> I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3004.) (See Bankruptcy Rule 3005.)			
I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief. Print Name: <u>Holly Horn</u> Title: <u>Chief Surveillance Officer – Public Finance</u> Company: <u>Assured Guaranty Municipal Corp.</u> Address and telephone number (if different from notice address above): <u>31 West 52nd Street New York, NY 10019</u> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 60%;"> (Signature) <u>Holly Horn</u> </div> <div style="width: 35%;"> (Date) <u>2-18-2014</u> </div> </div>			
Telephone number: (212) 339-3526 email: <u>hhorn@assuredguaranty.com</u>			

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both 18 U.S.C. §§ 157 and 2571

13-53846-swr Doc 5015-2 Filed 05/23/14 Entered

CPAM: 6117219.7



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CHADBOURNE
& PARKE LLP

30 Rockefeller Plaza, New York, NY 10112

tel (212) 408-5100 fax (212) 541-5369

David M. Bava
(212) 408-5477
dbava@chadbourne.com

February 19, 2014

City of Detroit Claims Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

Re: In re: City of Detroit, Michigan - Case No. 13-53846-swr
Proofs of Claim

Ladies and Gentlemen:

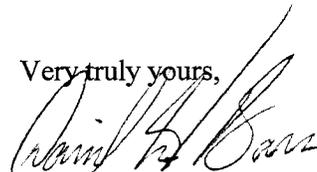
I enclose herewith an original set and one copy set for a total of six (6) proofs of claim to be filed on behalf of Assured Guaranty Municipal Corp. against the above-referenced debtor. Please file the original claims, stamp the marked copy set as evidence of filing and return them to the undersigned using the enclosed pre-addressed Federal Express airbill.

I will confirm receipt of the enclosed by contacting Joe Bunning on Thursday, February 20, 2014.

If you have any questions regarding the enclosed please feel free to contact me directly.

Thank you for your assistance with these filings.

Very truly yours,



David M. Bava
Case Manager

Enclosures

VIA OVERNIGHT DELIVERY

DMB/

cc: Samuel S. Kohn, Esq. (without Enclosures)
Mr. Seth Bloomfield (without Enclosures)



**Addendum to Proof of Claim
of Assured Guaranty Corp.**

This Addendum to Proof of Claim ("Addendum") shall be deemed to be a part of, and incorporated by reference into, the attached proof of claim (together with this Addendum and all Exhibits hereto, the "Claim") filed by Assured Guaranty Corp. (the "Claimant") against the City of Detroit, Michigan (the "Debtor"). On July 18, 2013 (the "Petition Date"), the Debtor filed a petition for relief under chapter 9 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court"), at Case No. 13-53846-swr.

A. Statement of Claim

Claimant files this Claim, on its own behalf, for (1) the disbursement of insurance payments that Claimant has made on certain insurance policies issued by the Claimant to insure unlimited tax general obligation bonds issued by the Debtor; (2) all fees and expenses related to this disbursement of insurance payments; and (3) all future disbursements of insurance payments that Claimant may make in the future, and the associated fees and expenses with such future disbursements.

B. Basis for Claim

In accordance with the authorizing resolutions (the "Resolutions") enacted by the City Council of Detroit (the "City Council"), the Debtor's legislative body, the Debtor issued several series of unlimited tax general obligation bonds (collectively, the "Unlimited Tax Bonds"), pursuant to Chapter 141 of the Michigan Public Acts, including Act 34 of 2001, the Revised Municipal Finance Act, Michigan Compiled Laws ("MCL") § 141.2101 *et seq.* and Act 189 of 1979, the Unlimited Tax Election Act, MCL § 141.161 *et seq.* The Unlimited Tax Bonds were issued to fund public capital improvements identified by the Mayor and the City Council.

Issuance of the Unlimited Tax Bonds required approval by a majority of the votes in city-wide elections establishing a pledge of *ad valorem* taxes, as security, to repay obligations under the Unlimited Tax Bonds exclusively.

Specifically, the Debtor has issued, among others, the following series of Unlimited Tax Bonds (collectively, the "Claimant Bonds"):

- General Obligation (Unlimited Tax) Series 2008-A (the "2008-A Bonds"), issued pursuant to the November 17, 2006 Resolution and a sale order issued by the then finance director on May 30, 2008 (the "2008 Sale Order"); and
- General Obligation Refunding Bonds (Unlimited Tax) Series 2008-B(1) (the "2008-B(1) Bonds"), issued pursuant to the November 17, 2006 Resolution and 2008 Sale Order.

Under the terms of the Unlimited Tax Bonds and applicable Resolutions and laws, the Debtor is required to:

- levy *ad valorem* taxes for the exclusive purpose of repaying the Unlimited Tax Bonds, without limitation as to rate or amount, and in the amount necessary to repay the obligations—taxes that are separate from and in addition to other *ad valorem* taxes the City is authorized to levy (the "Unlimited Tax Levy");
- collect the proceeds of the Unlimited Tax Levy and deposit such proceeds in segregated debt retirement funds (the "Debt Retirement Funds"); and
- use the proceeds of the Unlimited Tax Levy (the "Restricted Funds") only to pay principal of and interest on the Unlimited Tax Bonds.

Claimant, issued municipal bond insurance policies (the "Claimant Policies," true and correct copies of which are attached hereto as Exhibit A) insuring the Debtor's payment obligations under the Claimant Bonds as set forth below:

Bond Series	Policy Number	Effective Date
2008-A Bonds	D-2008-477	June 9, 2008
2008-B(1) Bonds	D-2008-477	June 9, 2008

As of December 31, 2013, Claimant insures a gross par outstanding amount of \$87,190,000.00 of Claimant Bonds.

According to the Claimant Policies, and subject to certain limitations, Claimant is obligated to pay the registered owners of applicable Claimant Bonds (the "Claimant Bondholders") the face amount of principal and interest on any Claimant Bond that is then due for payment, but is then unpaid by reason of nonpayment by the Debtor (all payments made by Claimant to Claimant Bondholders on account of such obligation, the "Claimant Bond Insurance Payments"). The Claimant Policies provide that upon disbursement of Claimant Bond Insurance Payments, Claimant shall be fully subrogated to all of the Claimant Bondholders' rights, title and interest under the Claimant Bonds to the extent of any Claimant Bond Insurance Payments, including, without limitation, the right to receive payment from the Debtor under the Claimant Bonds.

On October 1, 2013, the City failed to make scheduled payments under all of the Claimant Bonds. On October 1, 2013 Claimant disbursed a gross amount of Claimant Bond Insurance Payments of \$2,163,125.00 to the Claimant Bondholders in accordance with the terms of the Claimant Policies. The next scheduled principal payments on the Claimant Bonds is April 1, 2014.

Claimant's claim¹ is based on the provisions of the Resolutions, the Sale Orders, the Claimant Policies, and all other documents entered into in connection with the issuance of the Claimant Bonds, the Claimant Policies, and all related transactions (collectively, the "Claimant Bond Documents"). Claimant is informed and believes that the Debtor has copies of all or substantially all of the Claimant Bond Documents in its possession or control. However, upon

¹ As such "claim" is defined in section 101(5)(A) of the Bankruptcy Code.

written request to counsel to Claimant at the notice address shown below, Claimant will make available copies of supporting documents reasonably requested by the Debtor to the extent such documents are in Claimant's possession or control.

C. Amount and Nature of Claim

(1) Claimant's Secured, Fixed and Liquidated and Related Contractual Reimbursement Claims

(a) Claimant's Secured, Fixed and Liquidated Claim

Claimant asserts a secured, fixed and liquidated claim in the amount of \$2,163,125.00 for all amounts that are due and owing from the Debtor to the Claimant under the provisions of the Claimant Bond Documents, the Bankruptcy Code, and applicable law based on Claimant's rights of subrogation on account of all Claimant Bond Insurance Payments paid on or about October 1, 2013, with interest thereon as set forth, and at the rates identified, in the Bond Documents (including default interest, as applicable) ("Interest"). Claimant reserves the right to supplement the amount of this secured, fixed and liquidated claim, to the extent that the Debtor fails to make scheduled principal payments on the Claimant Bonds on April 1, 2014.

Claimant asserts a secured claim.² Claimant has a statutory lien within the meaning of 11 U.S.C. § 101(53) pursuant to the Debtor's binding pledge to pay the principal of and interest on

² Claimant's claim is currently listed on Debtor's schedule as "contingent" and "unsecured." As expressly provided in the Order, Pursuant to Sections 105, 501 and 503 of the Bankruptcy Code and Bankruptcy Rules 2002 and 3003(c), Establishing Bar Dates for Filing Proofs of Claim and Approving Form and Manner of Notice Thereof (Docket No. 1782) (the "Bar Date Order"), however, the classification, priority, and treatment of claims for principal and interest under the Unlimited Tax Bonds are not affected by any provision of the Bar Date Order or by whether or not the Claimant or the Claimant Bondholders file or do not file proofs of claim. See Bar Date Order ¶ 15. The secured status of Claimant's claim will ultimately be determined in the adversary proceeding commenced by the Claimant against the Debtor, Nat'l Pub. Fin. Guarantee Corp. v. City of Detroit Michigan, No. 13-05309-swr (the "Adversary Proceeding").

the Unlimited Tax Bonds from the proceeds of the Unlimited Tax Levy. Additionally, or in the alternative, Claimant has a lien on the Unlimited Tax Levy and Restricted Funds, which are special revenues within the meaning of 11 U.S.C. § 928, wholly dedicated to repayment of outstanding Unlimited Tax Bonds and not otherwise available to fund distributions to creditors under a plan of adjustment or for any other purpose. Furthermore, because Chapter 141 of the Michigan Public Acts and the Claimant Bond Documents create an equitable and beneficial property interest in the Restricted Funds in favor of the Claimant Bondholders, the Debtor holds the Restricted Funds in trust for no other purpose than paying debt service on the Unlimited Tax Bonds and the Debtor cannot use the Restricted Funds for any other purpose without just compensation to the Claimant Bondholders as required by the Fifth and Fourteenth Amendments to the United States Constitution.

(b) Related Contractual Reimbursement Claim

Claimant asserts a claim for contractual reimbursement for all charges, fees, costs, losses, liabilities and expenses heretofore or hereafter incurred or paid by Claimant in connection with the Bonds and the Bond Documents, reimbursable under the Bond Documents and/or applicable law ("Fees and Expenses") associated with the \$2,163,125.00 of Claimant Bond Insurance Payments paid by Claimant to the Claimant Bondholders paid on October 1, 2013, with Interest thereon.

(2) *Claimant's Secured, Contingent and Unliquidated and Related Contractual Reimbursement Claims*

Claimant asserts a secured, contingent and unliquidated claim for all amounts that are or shall become due and owing from the Debtor to the Claimant under the provisions of the Claimant Bond Documents, the Bankruptcy Code, and applicable law based on Claimant's rights of subrogation on account of any and all Claimant Bond Insurance Payments [in a principal

amount of up to \$87,190,000.00] with Interest thereon; and (ii) a secured claim for contractual reimbursement for all related Fees and Expenses, with Interest thereon.

(3) *Claimant's Claim for Unlawful Injury*

Claimant also asserts a claim for the injury caused by the Debtor's violation of both Chapter 141 of the Michigan Public Acts and Claimant Bond Documents when the Debtor failed to make scheduled payments on all of the Claimant Bonds on October 1, 2013. Claimant's injury includes, but is not limited to, the Claimant Bond Insurance Payments of \$2,163,125.00 disbursed to the Claimant Bondholders in accordance with the terms of the Claimant Policies. This claim, a post-petition tort claim, may rise to the level of administrative expense as defined by 11 U.S.C. § 503(b)(1) and interpreted by the Supreme Court and the Sixth Circuit.

D. Reservation of Rights and/or Remedies

Claimant is not required to assert any claims for administrative expenses at this time. Claimant reserves all rights to file a request for payment of administrative expenses in accordance with 11 U.S.C. § 503 and 11 U.S.C. § 507, including all Fees and Expenses.

Nothing contained in this Claim shall be construed as limiting any of Claimant's rights, remedies, or interests. The execution and filing of this Claim is not and shall not be deemed or construed as: (a) a waiver of any of Claimant's rights in the Adversary Proceeding, including but not limited to, obtaining a determination by the Bankruptcy Court that Claimant's claim is secured; (b) a submission by the Claimant to the jurisdiction of this Court or any other court with respect to this Claim or to proceedings, if any, commenced in any case against or otherwise involving the Claimant; (c) a waiver of the Claimant's right to amend or supplement any claim it has filed or will file that may be based on the same or additional facts and circumstances giving rise to the claims asserted herein; (d) a waiver or release of Claimant's right to trial by jury in

any proceeding as to any and all matters so triable herein, whether or not the same be designated legal or private rights or in any case, controversy or proceeding related hereto, notwithstanding the designation or not of such matters as “core proceedings” pursuant to 28 U.S.C. § 157(b)(2), and whether such jury trial right is pursuant to statute or the United States Constitution; (e) a waiver or release of the Claimant’s right to a jury trial in this Court or any other court in an proceeding as to any and all matters so triable herein or in any case, controversy, or proceeding related hereto, pursuant to 28 U.S.C. § 157(e) or otherwise; (f) a waiver or release of Claimant’s right to have any and all final orders in any and all non-core matters or proceedings entered only after *de novo* review by a United States District Court Judge; (g) a waiver of the right to move to withdraw the reference with respect to the subject matter of this Claim, any objection thereto or any other proceeding which may be commenced in these cases against or otherwise involving Claimant; (h) an election of remedies; (i) a waiver of any right to file a proof of claim under Federal Rule of Bankruptcy Procedure 3005(a); or (j) a waiver of any rights or claims of Claimant in its capacity as holder of one or more of Claimant Bonds, if and to the extent applicable.

The terms of this paragraph shall not constitute or be deemed to constitute a waiver, on the one hand, by the Claimant of the right to allowance of its claims, the right to vote those claims in support of or against one or more plans of reorganization or liquidation, or the right to receive distributions on account of such claims, or the rights of any other party, on the other hand, to dispute such allowance, right to vote, or right to receive distributions on account of such claims.

The Claimant expressly reserves all rights, defenses and remedies that the Claimant has or may have against the Debtor or any other person or persons liable for all or part of the

indebtedness claimed herein. The Claimant also reserves its right to amend and supplement this Claim and to file additional proofs of claim for any additional claims it might have.

To Claimant's knowledge, the Claim is not subject to any right of setoff, recoupment or counterclaim by the Debtor. Claimant hereby asserts and preserves any and all setoff and recoupment rights to which Claimant is entitled under 11 U.S.C. § 553 or otherwise.

E. Notices

All notices and other pleadings relating to this Claim should be addressed as follows:

Assured Guaranty
31 West 52nd Street
New York, NY 10019
Attn: Kevin J. Lyons
Telephone: (212) 339-3546
Email: klyons@assuredguaranty.com

Attn: Terence L. Workman
Telephone: (212) 408-6053
Email: tworkman@assuredguaranty.com

with a copy to

Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, N.Y. 10112
Attn: Lawrence A. Larose, Esq.
Samuel S. Kohn, Esq.
Email: llarose@chadbourne.com
skohn@chadbourne.com

Exhibit A

CONFIDENTIAL INFORMATION



ENDURING FINANCIAL STRENGTH™
AAA by P • Aaa Moody's • AAA Fitch

Detroit/28-10-2013 09:43

Financial Guaranty Insurance Policy

Issuer:	City of Detroit Michigan	Policy No.:	D-2008-477
Obligations:	\$130,205,000 General Obligation Bonds, consisting of \$58,630,000 General Obligation Bonds (Unlimited Tax), Series 2008-A, \$66,475,000 General Obligation Refunding Bonds (Unlimited Tax), Series 2008-B(1) and \$5,100,000 General Obligation Refunding Bonds (Unlimited Tax), Series 2008-B(2) (Taxable)	Premium:	\$1,119,394.90
		Effective Date:	June 9, 2008

Assured Guaranty Corp., a Maryland corporation ("Assured Guaranty"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders, that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Avoided Payment" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "Business Day" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "Due for Payment" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "Holder" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "Insured Payments" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "Nonpayment" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an

Page 1 of 2
Policy No.: D-2008-477
Form FG001 (05/07)

Assured Guaranty Corp.

1325 Avenue of the Americas
New York, NY 10019

main 212 974 0100 info@assuredguaranty.com
fax 212 581 3268

www.assuredguaranty.com

[2.2.1.12] [UTGO Series 2008-A, 2008-B(1), 2008-B(2) (Closing Memorandum).pdf] [Page 724 of 740]

CONFIDENTIAL INFORMATION

JApfel@chadbourne.com

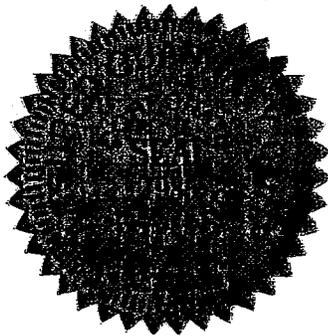
Obligation includes any Avoided Payment. "Receipt" or "Received" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 326 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "Term" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "Fiscal Agent") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation: its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.



ASSURED GUARANTY CORP.

By: _____

Gordon Murray
Director

Signature attested to by: _____

Counsel

CONFIDENTIAL INFORMATION

JApfel@chadbourne.com

NOTICE OF NONPAYMENT

Assured Guaranty Corp.
1325 Avenue of the Americas
New York, New York 10019
Attention: Risk Management Department - Public Finance Surveillance and General Counsel

The undersigned, a duly authorized officer of [TRUSTEE][PAYING AGENT] (the "Trustee" or the "Paying Agent"), hereby certifies to Assured Guaranty Corp. ("Assured Guaranty") with reference to Financial Guaranty Insurance Policy No. _____ (the "Policy"), that:

(i) The deficiency with respect to the Insured Payment that is Due for Payment and unpaid by reason of Nonpayment on [insert applicable payment date] is \$[insert applicable amount] (the "Deficiency Amount").

(ii) The [Trustee][Paying Agent] is making a claim under the Policy for the Deficiency Amount.

(iii) The [Trustee][Paying Agent] agrees that, following payment by Assured Guaranty made with respect to the Deficiency Amount which is the subject of this Notice of Nonpayment, it will (a) cause such amounts to be applied directly to the payment of the applicable Insured Payment; (b) insure that such funds are not applied for any other purpose; and (c) cause an accurate record of such payment to be maintained with respect to the appropriate Insured Payment(s), the corresponding claim on the Policy, and the proceeds of such claim.

(iv) The [Trustee][Paying Agent], on behalf of the Holders, hereby assigns to Assured Guaranty all rights of the [Trustee][Paying Agent] and the Holders with respect to the Obligations to the extent of any payments under the Policy, including without limitation any amounts due to the Holders in respect of securities law violations arising from the offer and/or sale of the Obligations; provided, that payments to Assured Guaranty in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Holders to receive all payments in respect of the Obligations. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to Assured Guaranty in respect of such payments. The [Trustee][Paying Agent][Holder] shall take such action and deliver such instruments as may be reasonably requested or required by Assured Guaranty to effectuate the purpose or provisions of this paragraph (iv).

(v) The [Trustee][Paying Agent], on its behalf and on behalf of the Holders, hereby appoints Assured Guaranty as agent and attorney-in-fact for the [Trustee][Paying Agent] and each such Holder in any legal proceeding with respect to the Obligations. The [Trustee][Paying Agent] hereby agrees that, so long as Assured Guaranty shall not be in default in its payment obligations under the Policy, Assured Guaranty may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including, without limitation, (A) all matters relating to any claim in connection with an Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment made with respect to the Obligations (a "Preference Amount"), (B) the direction of any appeal of any order relating to any Preference Amount at the expense of Assured Guaranty but subject to reimbursement as provided in the documentation providing for the issuance of and securing the Obligations, if any, and (C) the posting of any surety, supersedeas or performance bond pending any appeal. In addition, the [Trustee][Paying Agent] hereby agrees that Assured Guaranty shall be fully subrogated to, and the [Trustee][Paying Agent] on its behalf and on behalf of each Holder, hereby delegates and assigns, to the fullest extent permitted by law, the rights of the [Trustee][Paying Agent] and each Holder in the conduct of any Insolvency Proceeding, including without limitation all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(vi) Payment should be made by credit to the following account:

Capitalized terms used in this Notice of Nonpayment and not otherwise defined herein shall have the respective meanings ascribed thereto in the Policy.

This Notice of Nonpayment may be revoked at any time by written notice of such revocation by the [Trustee][Paying Agent][Holder] to the Assured Guaranty.

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Notice of Nonpayment as of the ___ day of _____ of _____.

[TRUSTEE/PAYING AGENT]

By: _____
Name:
Title:

CONFIDENTIAL INFORMATION

**ASSURED
GUARANTY**

ENDURING FINANCIAL STRENGTH™
AAA S&P • Aaa Moody's • AAA Fitch

tel@chadbournel.com

Detroit/28:10:2013 09:43 June 9, 2008

To the Addressees listed on Annex A hereto

Re: Financial Guaranty Insurance Policy No. D-2008-477 (the "Policy") relating to \$130,205,000 City of Detroit, Michigan General Obligation Bonds, consisting of \$58,630,000 General Obligation Bonds (Unlimited Tax), Series 2008-A, \$66,475,000 General Obligation Refunding Bonds (Unlimited Tax), Series 2008-B(1) and \$5,100,000 General Obligation Refunding Bonds (Unlimited Tax), Series 2008-B(2) (Taxable)

Ladies and Gentlemen:

This opinion letter has been requested of the undersigned, in the capacity of the undersigned as a Director, Counsel of Assured Guaranty Corp., a Maryland corporation ("Assured Guaranty"), in connection with the issuance by Assured Guaranty of its Policy, effective as of the date hereof.

In connection with this opinion letter, I have examined an execution copy of the Policy and such documents, certificates, agreements and instruments and proceedings as I have considered necessary or appropriate under the circumstances to render the following opinion letter. As to all questions of fact material to this opinion letter, which have not been independently established by me, I have relied upon certificates or comparable documents of public officials or of officers and representatives of Assured Guaranty. In addition, I have assumed the genuineness of all signatures other than those of representatives of Assured Guaranty, the authenticity of all documents submitted to me as originals, the conformity to the original document of certified or photostatic copies thereof and the authenticity of the originals of such latter documents.

Based upon the foregoing, and subject to the limitations and qualifications hereinafter set forth, I am of the opinion that:

1. Assured Guaranty is a corporation duly incorporated and validly existing under the laws of the State of Maryland and has all requisite corporate power and authority to issue and to perform its obligations under the Policy in accordance with the terms thereof.
2. The execution and delivery by Assured Guaranty of the Policy, and the performance by Assured Guaranty of its obligations thereunder, have been duly authorized by all necessary corporate action on the part of Assured Guaranty.
3. The Policy has been validly executed and delivered by Assured Guaranty, and constitutes the legal, valid and binding obligation of Assured Guaranty, enforceable against Assured Guaranty in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, liquidation, rehabilitation, moratorium, arrangement, fraudulent conveyance or similar laws or enactments now or hereafter enacted affecting the enforcement of creditors' rights generally, as well as to equitable principles of general application limiting the availability of equitable remedies and the discretion of the court before which any proceeding therefor may be brought (regardless, in each case, of whether enforcement is sought in a proceeding in equity or at law).

I am licensed to practice law in the State of New York, and do not purport to be an expert as to, or to express any opinion concerning the laws of any other jurisdiction other than the laws of the State of New York and the federal laws of the United States of America to the extent specifically referred to herein. To the extent that the opinions set forth herein purport to deal with matters of Maryland law, the statements made therein are based solely upon my review of the corporate documents of Assured Guaranty, my reading of the Maryland General Corporation Law and, in respect of the opinion set forth in paragraph (1) above, my reading of the Maryland Insurance Code.

Assured Guaranty Corp.

1325 Avenue of the Americas
New York, NY 10019

main 212 974 0100
fax 212 581 3268

info@assuredguaranty.com

www.assuredguaranty.com

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The opinions expressed herein are limited to the matters expressly set forth herein, and no opinion is implied or may be inferred beyond the matters expressly set forth herein. The opinions expressed herein are based solely on factual matters in existence as of the date hereof and laws and regulations in effect on the date hereof. I assume no obligation to revise or supplement this opinion letter should such factual matters change or should such laws or regulations be changed by legislative or regulatory action, judicial decision or otherwise, and I hereby express no opinion as to the effect any such changes may have on the foregoing opinions.

This opinion letter is being delivered to you solely for your benefit in connection with the issuance of the Policy, and may not be used, circulated, quoted or otherwise referred to or relied upon for any other purpose by any other person, in each case without my express prior written consent.

Very truly yours,



CONFIDENTIAL INFORMATION

JApfel@chadbourne.com Annex A

City of Detroit, Michigan, as Issuer
Merrill Lynch & Co., as Senior Managing Underwriter
U.S. Bank National Association, as Trustee/Paying Agent

05/23/2013 10:20:13 09:43

CONFIDENTIAL INFORMATION

JApfel@chadbourne.com
CERTIFICATE OF ASSURED GUARANTY CORP.

In connection with the issuance of \$130,205,000 City of Detroit, Michigan General Obligation Bonds, consisting of: \$58,630,000 General Obligation Bonds (Unlimited Tax), Series 2008-A, \$66,475,000 General Obligation Refunding Bonds (Unlimited Tax), Series 2008-B(1) and \$5,100,000 General Obligation Refunding Bonds (Unlimited Tax), Series 2008-B(2) (Taxable) (collectively, the "Bonds") by City of Detroit, Michigan (the "Issuer"), Assured Guaranty Corp. ("Assured Guaranty") is issuing financial guaranty insurance policy no. D-2008-477 (the "Policy") guaranteeing, when due, the scheduled payment of principal of and interest on the Bonds, all as set forth in the Policy.

On behalf of Assured Guaranty, the undersigned hereby certifies that:

- (i) the Policy is an unconditional and recourse obligation of Assured Guaranty (enforceable on behalf of the holders of the Bonds) to pay the scheduled payments of interest and principal on the Bonds in the event of a Nonpayment (as defined in the Policy);
- (ii) the insurance premium of \$1,119,394.90 was determined in an arm's length negotiation in accordance with our standard procedure, and is required to be paid as a condition of the issuance of the Policy;
- (iii) no portion of such premium represents a payment for any direct or indirect services other than the transfer of credit risk;
- (iv) Assured Guaranty is not a co-obligor on the Bonds and does not reasonably expect that it will be called upon to make any payment under the Policy;
- (v) the Issuer is not entitled to a refund of premium for the Policy in the event that the Bonds are retired prior to their stated maturity;
- (vi) there has not come to the attention of the undersigned any information which would cause the undersigned to believe that the description of Assured Guaranty under the caption "BOND INSURANCE-The Insurer" in the official statement relating to the above referenced Bonds dated May 30, 2008 (the "Official Statement"), as of the date of the Official Statement or as of the date of this certificate, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;
- (vii) Assured Guaranty is not currently in default nor has Assured Guaranty ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation; and
- (viii) except for the insurance premium referred to in paragraph (ii) above, neither Assured Guaranty nor any party related to Assured Guaranty within the meaning of Section 1.150-1(b) of the Treasury Regulations will use any portion of the proceeds of the Bonds.

IN WITNESS WHEREOF, Assured Guaranty has caused this certificate to be executed in its name on this 9th day of June, 2008, by one of its duly authorized officers.

ASSURED GUARANTY CORP.

By: 

Gordon Murray
Director

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JApfel@chadbourne.com
ASSURED GUARANTY CORP.
PREMIUM WIRING INSTRUCTIONS

~~Detroit/28-10-2013 09:43~~
PAYMENT DATE: Date of delivery of the insured obligations

METHOD OF PAYMENT: Wire transfer of Federal Funds

PREMIUM DUE: \$1,119,394.90

Premium Payment Instructions for Assured Guaranty Corp.:

Bank: JP Morgan Chase New York
ABA# 021-000-021
Account Name: Assured Guaranty Corp. - Premium
Account Number: 323-355919
Policy Number D-2008-477
Reference Name: \$130,205,000 City of Detroit, Michigan General Obligation Bonds, consisting of
\$58,630,000 General Obligation Bonds (Unlimited Tax), Series 2008-A, \$66,475,000 General
Obligation Refunding Bonds (Unlimited Tax), Series 2008-B(1) and \$5,100,000 General
Obligation Refunding Bonds (Unlimited Tax), Series 2008-B(2) (Taxable)

If you have any questions, please contact the Closing Coordinator at Assured Guaranty Corp.

Confirmation of Receipt of Premium

Please provide Assured Guaranty Corp. Attention: Closing Coordinator, with a wire reference number when such premium is sent. Upon confirmation of the premium payment and satisfaction of all other conditions set forth in the commitment letter, Assured Guaranty will release the Policy.

Exhibit 6B

NUMBER



SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the City (as hereinafter defined), or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

R-11

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF WAYNE

CITY OF DETROIT

GENERAL OBLIGATION BOND
(UNLIMITED TAX), SERIES 2008-A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
5.00%	April 1, 2028	June 9, 2008	251093 N63

Registered Owner: Cede & Co.

Principal Amount: Nineteen Million Nine Hundred Eighty Thousand Dollars

The City of Detroit, County of Wayne, State of Michigan (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner specified above, or registered assigns, on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, the Principal Amount specified above together with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) at the Interest Rate per annum specified above from the Date of Original Issue specified above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid, until the Principal Amount specified above is paid in full. Interest is payable semiannually on April 1 and October 1 in each year commencing on October 1, 2008 (each an "Interest Payment Date"). The interest so payable, and punctually paid or duly provided for, will be paid, as provided in the hereinafter defined Resolution, to the person in whose name this Bond is registered on the books maintained for such purpose by the hereinafter defined Paying Agent (the

S P E C I M E N

"Bond Registry"), on the close of business on the Regular Record Date for such interest payment, which shall be the fifteenth day (whether or not a business day) of the calendar month immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall herewith cease to be payable to the Registered Owner on such Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent, notice of which shall be given to Registered Owners at least seven days before such Special Record Date, or may be paid at any time in any other lawful manner.

The principal of this Bond is payable in lawful money of the United States of America upon presentation and surrender of this Bond at the designated corporate trust office of U.S. Bank National Association, Detroit, Michigan, as registrar, transfer agent and paying agent under the Resolution (such bank and any successor as paying agent, the "Paying Agent"). Interest on this Bond is payable in like money by check or draft drawn on the Paying Agent and mailed to the Registered Owner entitled thereto, as provided above, by first class mail or, upon the written request of a Registered Owner of at least \$1,000,000 in aggregate principal amount of Bonds (with complete wiring instructions no later than the Regular Record Date for such Interest Payment Date), by wire transfer by the Paying Agent to such Registered Owner, and such request may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked at any time prior to a Regular Record Date by subsequent written notice to the Paying Agent. For prompt payment of this Bond, both principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged.

This Bond is one of a series of bonds of even Date of Original Issue aggregating the principal amount of \$58,630,000 (the "Bonds"), issued pursuant to a vote of the qualified electors of the City voting thereon at certain Prior Elections (as defined in the Resolution) and in accordance with Act 34, Public Acts of Michigan, 2001, as amended, and Act 279, Public Acts of Michigan, 1909, as amended, and pursuant to and in accordance with a Resolution duly adopted by the City Council of the City on November 17, 2006 and a Sale Order of the Finance Director of the City issued on May 30, 2008 (collectively, the "Resolution"). The Bonds are issued for the purpose of financing certain capital improvement projects in the City and paying costs of issuance of the Bonds.

The Bonds maturing prior to April 1, 2018 are not subject to redemption prior to maturity. The Bonds maturing on or after April 1, 2019 are subject to redemption at the option of the City, in such order of maturity as the City shall determine and within any maturity by lot, as a whole or in part in an Authorized Denomination on any date on or after April 1, 2018, at the redemption price of 100% of the principal amount of the bonds to be redeemed, plus accrued interest to the date fixed for redemption.

SPECIMEN

Bonds of this issue maturing on April 1, 2024 and April 1, 2028 (the "Term Bonds") are subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below, and at a redemption price equal to the principal amount thereof, without premium, together with accrued interest thereon to the date fixed for redemption.

Term Bonds due April 1, 2024

<u>Redemption Dates</u>	<u>Principal Amounts</u>
April 1, 2023	\$4,205,000
April 1, 2024 (Maturity)	4,415,000

Term Bonds due April 1, 2028

<u>Redemption Dates</u>	<u>Principal Amounts</u>
April 1, 2025	\$4,635,000
April 1, 2026	4,870,000
April 1, 2027	5,110,000
April 1, 2028 (Maturity)	5,365,000

The principal amount of the Term Bonds of a maturity to be redeemed on the dates set forth above shall be reduced by the principal amount of the Term Bonds of the same maturity which have been previously redeemed or called for redemption (other than as a result of a mandatory redemption) or purchased or acquired by the City and delivered to the Transfer Agent. The City may satisfy mandatory redemption requirements by the purchase and surrender of Term Bonds in lieu of the calling of such Term Bonds for redemption.

In case less than the full amount of an outstanding Bond is called for redemption, the Paying Agent, upon presentation of the Bond called in part for redemption, shall register, authenticate, and deliver to the Registered Owner, a new Bond of the same type and the same maturity, in the principal amount of the portion of the original Bond not called for redemption.

Notice of redemption shall be given to the Registered Owners of the Bonds or portions of Bonds to be redeemed by mailing of such notice by first class mail not less than 30 days prior to the date fixed for redemption to the Registered Owners at the addresses of the Registered Owners as shown on the registration books as of the date of such mailing kept by the Paying Agent. Bonds called for redemption shall not bear interest after the date fixed for redemption, whether presented for redemption or not, provided that funds are on hand with the Paying Agent to redeem the Bonds or portions of Bonds called for redemption.

S P E C I M E N

This Bond is payable out of the Debt Retirement Fund of the City for this issue, and the City is obligated to levy annually sufficient taxes to provide for the payment of the principal of and interest on the Bonds as they mature without limitation as to rate or amount.

Reference is hereby made to the Resolution for the provisions with respect to the nature and extent of the security for the Bonds, the manner and enforcement of such security, the rights, duties and obligations of the City, and the rights of the Paying Agent and the Registered Owners of the Bonds. As therein provided, the Resolution may be amended in certain respects without the consent of the Registered Owners of the Bonds. Copies of the Resolution are on file and available for inspection at the office of the Finance Director and at the principal corporate trust office of the Paying Agent.

The City and the Paying Agent may treat and consider the person in whose name this Bond is registered on the Bond Registry as the absolute owner hereof, whether this Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal hereof and interest hereon and for all other purposes whatsoever, and all such payments so made to such person or upon his order shall be valid and effectual to satisfy and discharge the liability hereon to the extent of the sum or sums so paid.

The registration of this Bond is transferable only upon the Bond Registry by the Registered Owner hereof or by his attorney duly authorized in writing upon the presentation and surrender hereof at the designated corporate trust office of the Paying Agent together with a written instrument of transfer satisfactory to the Paying Agent, duly executed by the Registered Owner hereof or his attorney duly authorized in writing, and thereupon one or more fully executed and authenticated Bonds in any authorized denominations of like maturity and tenor, in equal aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Resolution upon the payment of the charges, if any, therein prescribed.

It is hereby certified, recited and declared that all acts, conditions and things required by law to exist, happen and to be performed, precedent to and in the issuance of this Bond and the series of Bonds of which this is one, do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Michigan, and that the total indebtedness of the City, including this bond and the series of Bonds of which this is one does not exceed any constitutional, statutory or charter limitation.

This Bond is not valid or obligatory for any purpose until the Paying Agent's Certificate of Authentication on this Bond has been executed by the Paying Agent.

CONFIDENTIAL INFORMATION
S P E C I M E N

IN WITNESS WHEREOF, the City, by authority of its City Council, has caused this Bond to be signed for and on its behalf and in its name with the facsimile signature of the Mayor of the City and the facsimile signature of its Finance Director, and the official seal of the City to be printed hereon, all as of the Date of Original Issue.

CITY OF DETROIT

By *Kerwin L. Johnson*
Mayor



[SEAL]

By: *Norman L. White*
Norman L. White
Finance Director

NUMBER

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds mentioned in the within described Resolution.

U.S. BANK NATIONAL ASSOCIATION
Detroit, Michigan
as Paying Agent

SPECIMEN

By *D. Brown*
Authorized Signatory

Authentication Date: 6/9/08

NUMBER

SPECIMEN

STATEMENT OF INSURANCE

Assured Guaranty Corp. ("Assured Guaranty"), a Maryland-domiciled insurance company, has delivered its financial guaranty insurance policy (the "Policy") with respect to the scheduled payments of principal of and interest on this bond to U.S. Bank National Association, Detroit, Michigan, as paying agent on behalf of the holders of the Bonds (the "Trustee"). Such policy is on file and available for inspection at the principal office of the Trustee and a copy thereof may be obtained from Assured Guaranty or the Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this bond acknowledges and consents to the subrogation rights of Assured Guaranty as more fully set forth in the Policy.

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JApple@chadbourne.com
Detroit/28.10.2013 09.43

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite name and address of transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature(s) to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of such person's authority to act must accompany the bond.

Signature(s) must be guaranteed by a commercial bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges. The transfer agent will not effect transfer of this bond unless the information concerning the transferee requested below is provided.

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF TRANSFEREE.

(Insert number for first named transferee if held by joint account.)

Name and Address: _____

(Include information for all joint owners if the bond is held by joint account.)