
Global Resolution

- Settlement & Opt-In of FGIC COPs claims into Class 9 Treatment
- Settlement of COPs Invalidity Litigation and Entry into JLA Development Agreement



Summary:

Settlement & Opt-In of FGIC COPs Claims

- The City and FGIC shall enter into a stipulation, as ordered by the bankruptcy court, which shall provide the following:
 - All objections by FGIC to the City’s Plan shall be withdrawn, without prejudice to FGIC refiling such objections in the event that (i) the Plan is not confirmed, (ii) the Stipulation (described herein) is not approved, or (iii) the 9019 Settlement (described herein) is not approved
 - The FGIC COPs shall opt-into the Plan COP Settlement without impairing the holders’ insurance claims against FGIC
 - In accordance with the Plan COP Settlement, FGIC shall be deemed to vote in favor of the Plan
 - FGIC and the FGIC COP Holders shall divide the Class 9 consideration provided under the Plan COP Settlement



Summary:

Settlement & Opt-In of FGIC COPs Claims

- The Plan shall be amended to revise the definition of “Class 9 Eligible City Assets” to exclude Joe Louis Arena and the Joe Louis Parking Garage shall be excluded from the City’s RFQ
- The City shall not amend the POA in a way that would have a materially adverse effect on Class 9 without the consent of FGIC
- The parties acknowledge that time is of the essence



Summary:

Settlement of COPs Invalidation Litigation

- The City and FGIC shall enter into a 9019 settlement, to be approved by the bankruptcy court, which shall provide:
 - The City shall dismiss the COP Litigation
 - FGIC shall dismiss or cause to be dismissed all counterclaims filed in the COP Litigation
 - FGIC shall waive any claims it may have against any other party related to the COP Litigation, including any claims against the retirement systems or any City-related party arising in connection with the COPs, provided, however, FGIC shall retain any claims it may have against the COP Swap Counterparties
 - The City shall enter into a Development Agreement with FGIC



Settlement of FGIC COPs

- FGIC , the FGIC COP Holders, and Wilmington Trust National Association will be included as exculpated parties under the plan of adjustment, subject to certain agreed carve-outs
- The settlement will be made available to any COP claimant that opts in prior to the Effective Date of the plan of adjustment
- Those COP claimants that do not participate in the settlement will receive the treatment previously set forth in the Seventh Amended Plan



Settlement of FGIC Swap-Related Claims

- In full satisfaction of FGIC's claims related to its swap insurance and related claims, FGIC shall receive:
 - an Allowed Class 14 claim in the amount of \$6.11 million, and
 - the Downtown Development Authority shall assign to FGIC all of the Downtown Development Authority's right, title and interest to its distribution of New B Notes under the plan on account of its \$33.6 million Class 13 claim
- The City estimates the total distribution on account of FGIC's swap related claims to be in the approximate principal amount of \$4.5 million of New B Notes



FGIC COPs Class 9 Treatment — New B Notes

- On the Effective Date, FGIC and the FGIC COP Holders will receive \$74.2 million in New B Notes



FGIC COPs Class 9 Treatment — New C Notes

- On the Effective Date, FGIC and the FGIC COP Holders will receive approximately \$67.2 million in unsecured 5% New C Notes due 2026
- The New C Notes bear interest at a rate of 5%
- The City will segregate certain parking revenues each year until monies sufficient to meet the annual debt service on the New C Notes is set-aside
 - With respect to all New C Notes, approximately \$10 million of parking revenues will be set aside annually. This will require that all of the parking revenue streams will need to be directed into a single general governmental bank account
- New C Notes are unsecured obligations
- New C Notes are due 2026; they *must* be prepaid in the event of certain parking asset dispositions; and they *may* be prepaid *at the City's option* at any time, without penalty or premium



FGIC COPs Class 9 Treatment — Settlement Credits

- On the Effective Date, FGIC and the FGIC COP holders will receive \$19.7 million in Class 9 Settlement Credits
- Settlement credits may be applied towards an RFP for City parking assets or certain City-owned real property
- To apply the credits, the owner must participate in the normal procurement or auction process, be the final party selected in such procurement or auction process, and otherwise satisfy all requirements associated with such process
- Settlement credits may not be used to offset more than 50% of the purchase price of an eligible asset
- Settlement credits may be freely assigned or transferred



JLA Development Agreement

- The City and a to-be-formed entity (the “Developer”) whose economic interest is initially controlled by Financial Guaranty Insurance Company (“FGIC”) and/or holders of the Certificates of Participation (“COPs”) insured by FGIC (the “COPs Holders”, and together with FGIC, the “FGIC Parties”), will enter into a development agreement (the “Agreement”)
- Under the Agreement, the Developer will be granted an option to acquire and develop the land upon which is currently situated the Joe Louis Arena (the “JLA”) and Joe Louis Arena Garage (the “Garage”)
 - Joe Louis Arena: 5.3 acres at 19 Steve Yzerman Dr. (this land, the “JLA Parcel”)
 - Joe Louis Arena Garage: 3.3 acres at 900 W Jefferson Ave. (along with the JLA Parcel, the “Parcels”)
- JLA Demolition
 - Within 90 days after the expiration of the current lease to which the JLA Parcel is subject, the City shall commence demolition of the JLA
 - The demolition will include remediation of existing environmental contaminants on the surface or sub-surface of the Parcels sufficient under applicable law for the Developer to use the Parcels for its intended use as a multi-use hotel, condominium office or retail development
 - The demolition of the JLA is expected to commence on or before September 15, 2017 and will be completed within one year of commencement
 - The State shall make available to the City certain Community Revitalization Program (“CRP”) incentives up to \$6,000,000 for purposes of reimbursing the City for the costs and expenses incurred in connection with the demolition and any necessary environmental remediation. If the City does not use the entirety of such \$6,000,000 for the demolition and any necessary environmental remediation, the balance shall be made available to the Developer.

JLA Development Agreement (Cont'd)

■ Developer Option

- Within 36 months of the execution of the Agreement, the Developer shall identify a development partner and prepare a comprehensive development plan for the Parcels, including the application for CRP Incentives and the brownfield plan necessary for the TIF Incentives (the “Proposal”), and shall submit the Proposal to the City for approval
- Upon request of the Developer, the City may extend the deadline by which the Developer is required to submit the Proposal by 24 months
- The city will cause the Parcels to be zoned “B-5”, which will permit the Parcels to be used as a mixed-use development, subject to the City’s administrative review of the site plan
- The City’s approval of the Proposal will be separate from the approval of general municipal approvals or permits (e.g., conditional use, site plan); however, the Developer may proceed with securing these approvals after the City’s approval of the Proposal
- The Developer will have until 180 days before the Proposal submission deadline to notify the City (the “Diligence Notice”) that it wishes to inspect the Parcels, during which time the Developer may conduct diligence including physical inspections, environmental studies, and review of surveys and title reports
 - Should the Developer determine that the Parcels are in unsatisfactory condition, it may raise objections via formal notice to the City within 120 days of the Diligence Notice (the “Objection Deadline”)
 - The City will have 60 days to cure the Developer’s objections (the “Cure Period”) and if they are not cured, the Developer may then choose whether or not it will close on the transaction, provided the City must cure those encumbrances for the benefit of the City or those defects in title that would make title unmarketable or unreasonably interfere with the development of the Project
 - The Developer will indemnify the City against any lost or expense as a result of the diligence
- If the above conditions are met, and the Developer has provided a notice to proceed for the project on or before either (i) the Objection Deadline or (ii) if the Developer provides an objection notice prior to the Objection Deadline, within 15 days after the Cure Period, then the City and Developer will close on the Parcels on the later of:
 - Two years from the approval of the Proposal, or
 - Six months from the completion of the demolition



JLA Development Agreement (Cont'd)

■ Economic Development Incentives

- If the Proposal is approved by the City, the State has agreed to reimburse the Developer for certain eligible project costs through CRP and TIF incentives to the extent that the Proposal meets the eligibility requirements for the incentives
 - Up to \$4 million in CRP incentives, and
 - Up to \$14 million in TIF incentives, which will accrue 3% per annum interest on any outstanding balance thereof
- The City will use good faith efforts to cause the cap on the TIF Incentives to be increased to \$18,000,000 in exchange for eliminating the \$4,000,000 in CRP Incentives that are to be provided to the Developer.
- The State has also agreed to designate the development a neighborhood empowerment zone, if it contains residential development
- The City has agreed to declare the Parcels part of a Commercial Redevelopment Zone or a Commercial Rehabilitation Zone, as requested by the Developer, and the City will cooperate and assist the Developer in applying for certain tax abatements associated with such zone



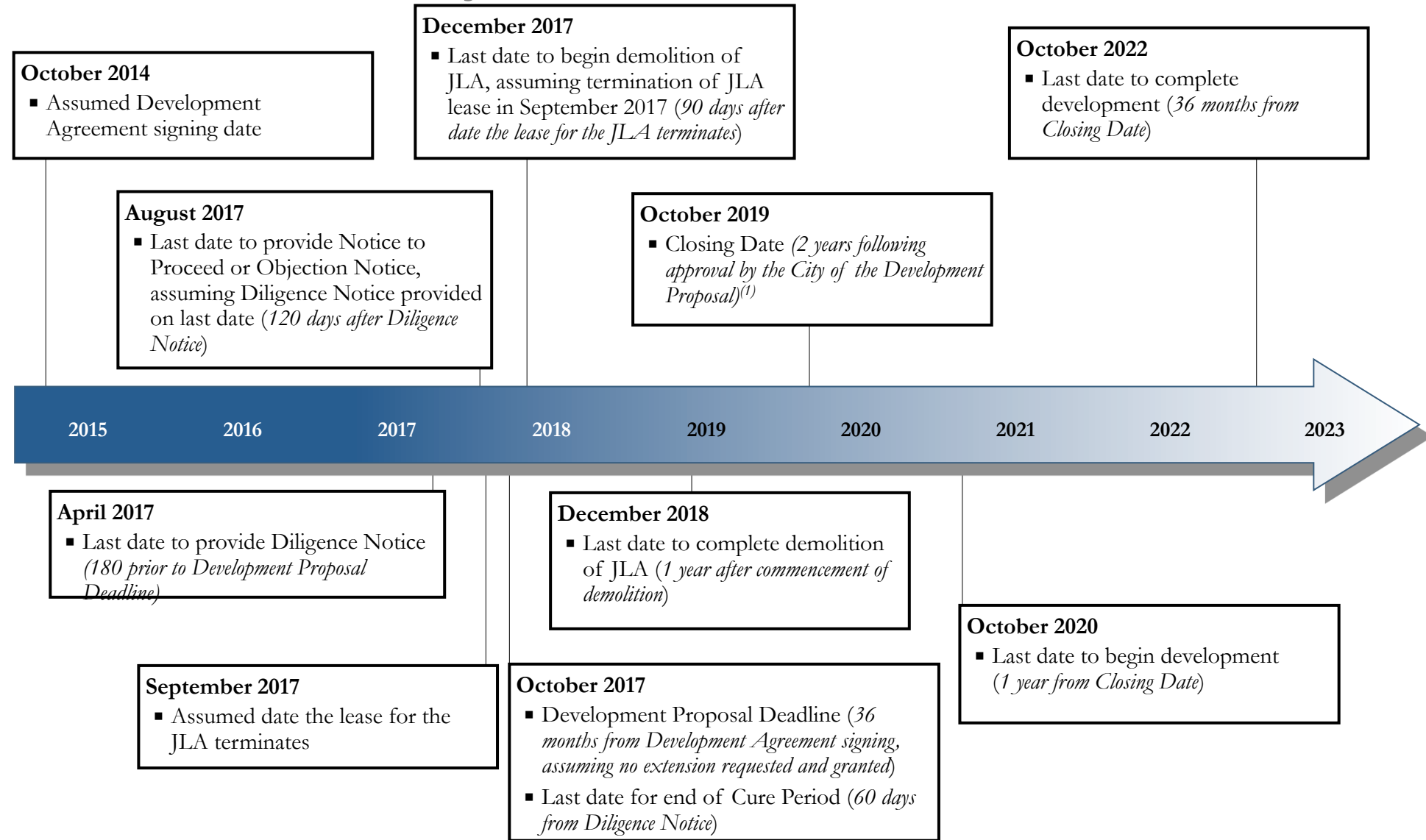
JLA Development Agreement (Cont'd)

■ Other Terms

- The Developer will commence the development within 1 year following the closing date and will substantially complete the development within 36 months following the closing date
 - If the Developer fails to achieve the commencement of construction within 1 year, the Parcels automatically revert to the City
- The Developer will accept the Parcels on an “as-is, where-is” basis, subject to the City’s environmental obligations
- For any general municipal approvals and permits (zoning, site plan, et al), the City and State agree to process such requests promptly and in no more than 30 days and shall use reasonable efforts to facilitate such requests
- Prior to closing, the City will maintain the Parcels in at least the same condition and repair as of the date of the Agreement, subject to the demolition
- The agreement is subject to Bankruptcy Court approval, and the Bankruptcy Court shall retain jurisdiction over any disputes related to the Agreement



Indicative JLA Project Timeline



(1) Determined by the letter of (a) 2 years following approval of Development Proposal by City, and (b) 6 months following completion of demolition. Using the assumptions contained herein, 6 months following completion of demolition is June 2019. The October 2019 date assumes that the Development Proposal is approved in the same month that it is submitted (October 2017).

