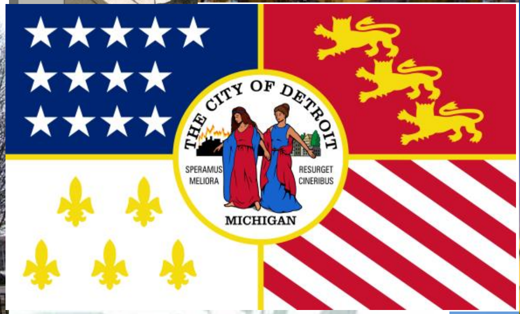
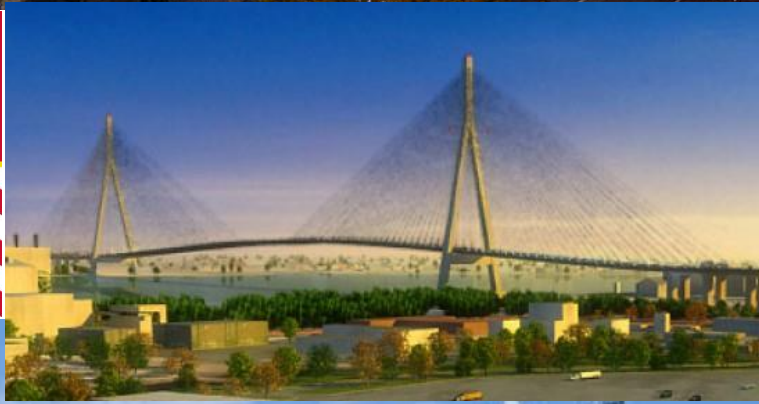


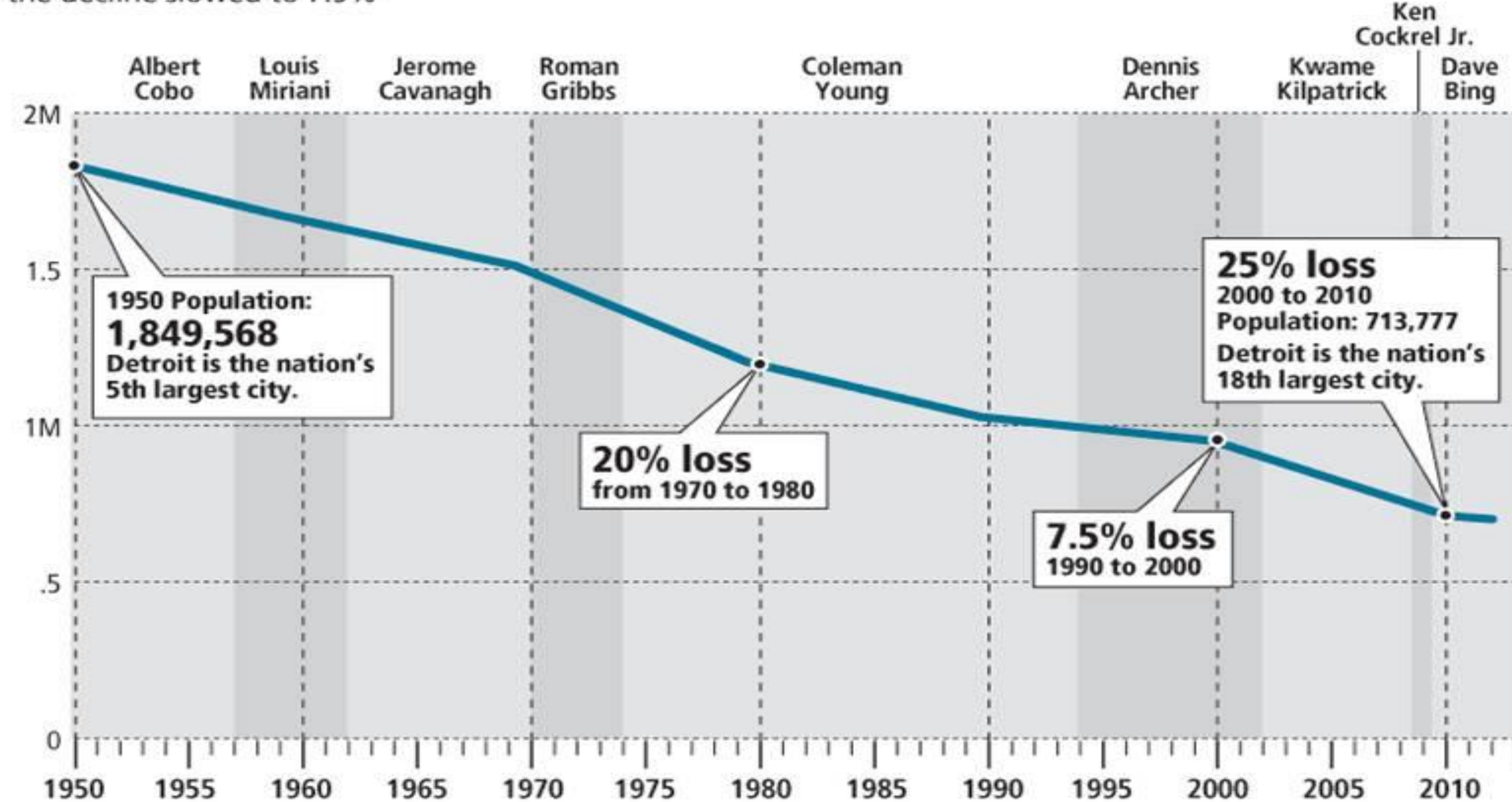


URBAN INFRASTRUCTURE BUSINESS CONFERENCE
CASA RIO-BRAZILIAN BUSINESS EMBASSY
MONDAY, MAY 30, 2016

JONES DAY

1970s, 2000s HAD HIGHEST RATE OF POPULATION DECLINE

By 2010, Detroit's population was down 61% from its peak of 1.8 million residents in the 1950 census. Detroit has two decades with more than 20% decline, and one hopeful decade of the 1990s during which the decline slowed to 7.5%

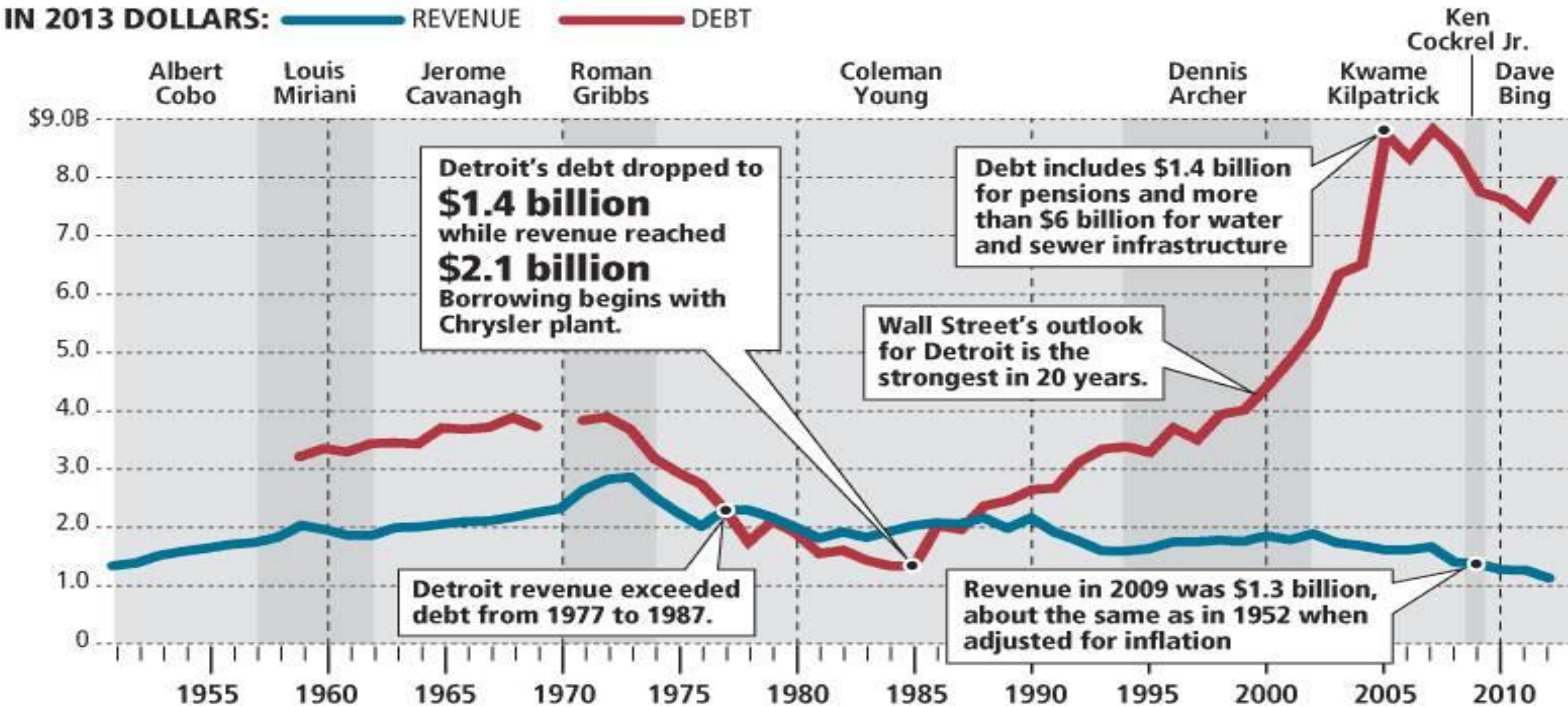


SOURCE: U.S. Census Bureau

BRIAN TODD/DETROIT FREE PRESS

DETROIT'S DEBT EXPLODES IN 2000s

The city's revenue exceeded its debt for a decade starting in 1977 under Mayor Coleman Young. But when the city's bond rating improved in 1985, a surge of new borrowing began. Bonds were sold for many projects, including Chrysler's Jefferson North Assembly Plant, improvements to Cobo Center, water and sewer infrastructure and downtown redevelopment. Chart does not include future accrued liabilities such as pension, retiree health care or interest on bonds, which emergency manager Kevyn Orr says total $18 billion.



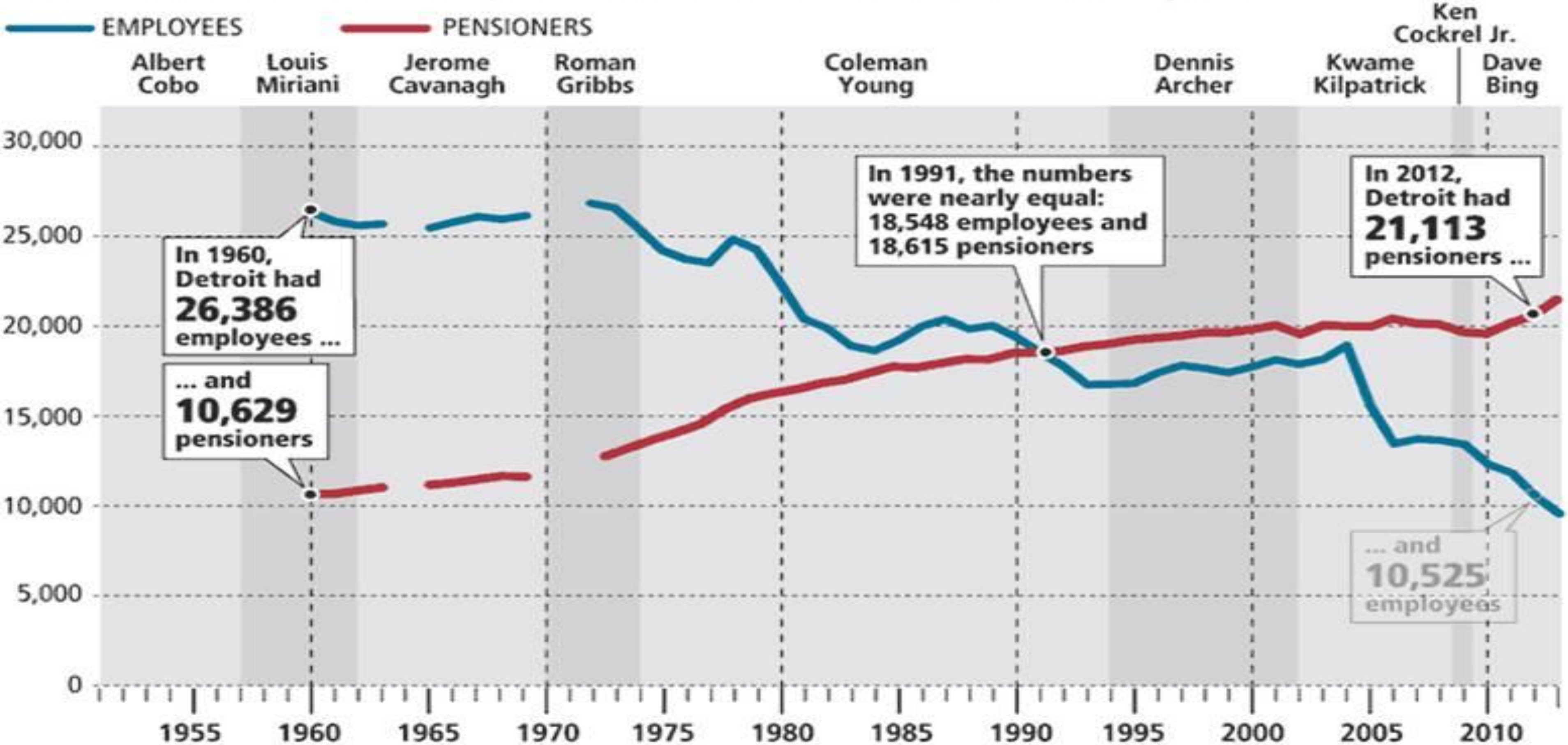
NOTE: All dollar amounts have been adjusted for inflation and are in 2013 dollars. 1970 debt records were unavailable. Debt includes total general obligation bonds; certificates of indebtedness and notes payable (general, not including water and sewers) through 1973; net direct debt after 1973, not including overlapping debt from 2006 to 2012; pension debt from 2005 to 2012.

SOURCE: Detroit's annual financial reports

KOFI MYLER/DETROIT FREE PRESS

DETROIT NOW HAS TWICE AS MANY PENSIONERS AS EMPLOYEES

Fifty years ago, active city employees outnumbered municipal retirees by more than 2-1. But with workforce downsizing, the city now has more retirees than active workers. Unlike many other municipal systems, Detroit's active workers are not required to contribute to the General Retirement System.

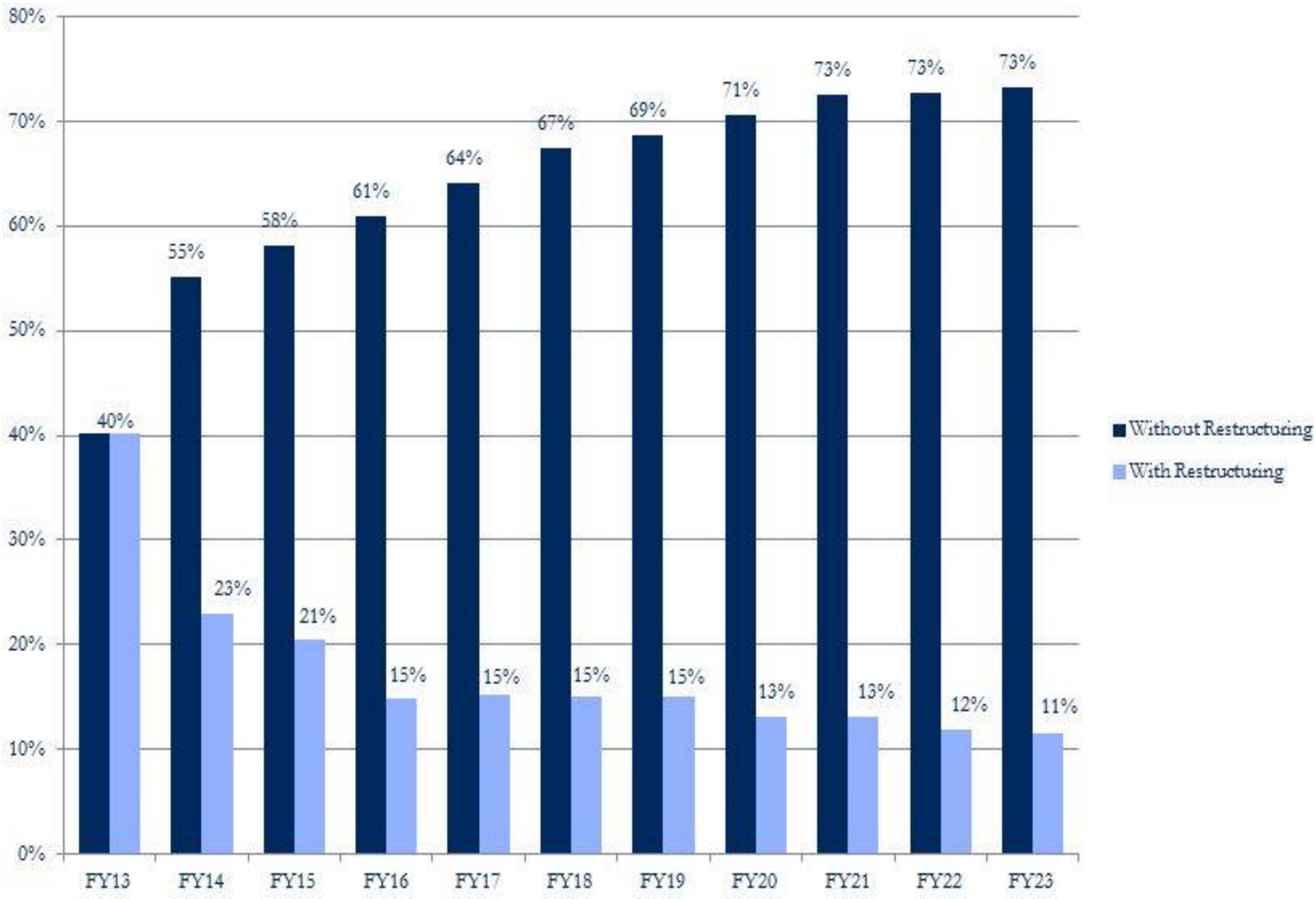


NOTE: Data unavailable for 1964, 1970 and 1971.

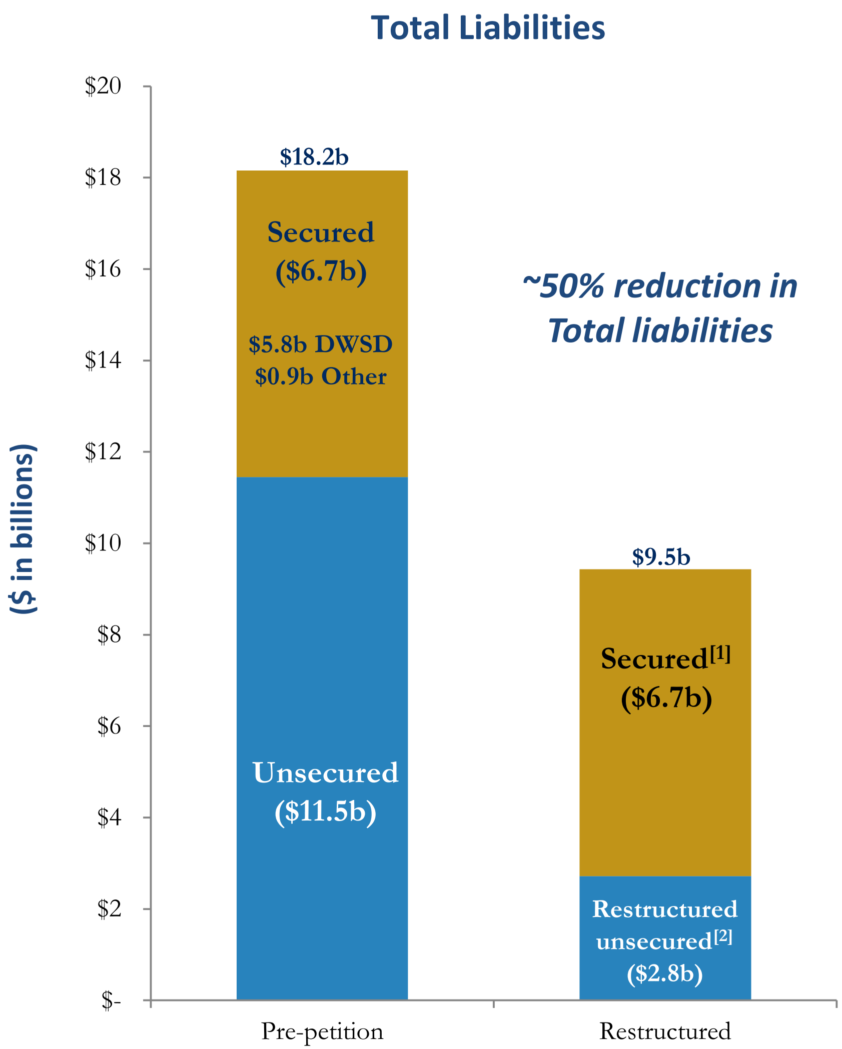
SOURCE: Detroit's annual financial reports

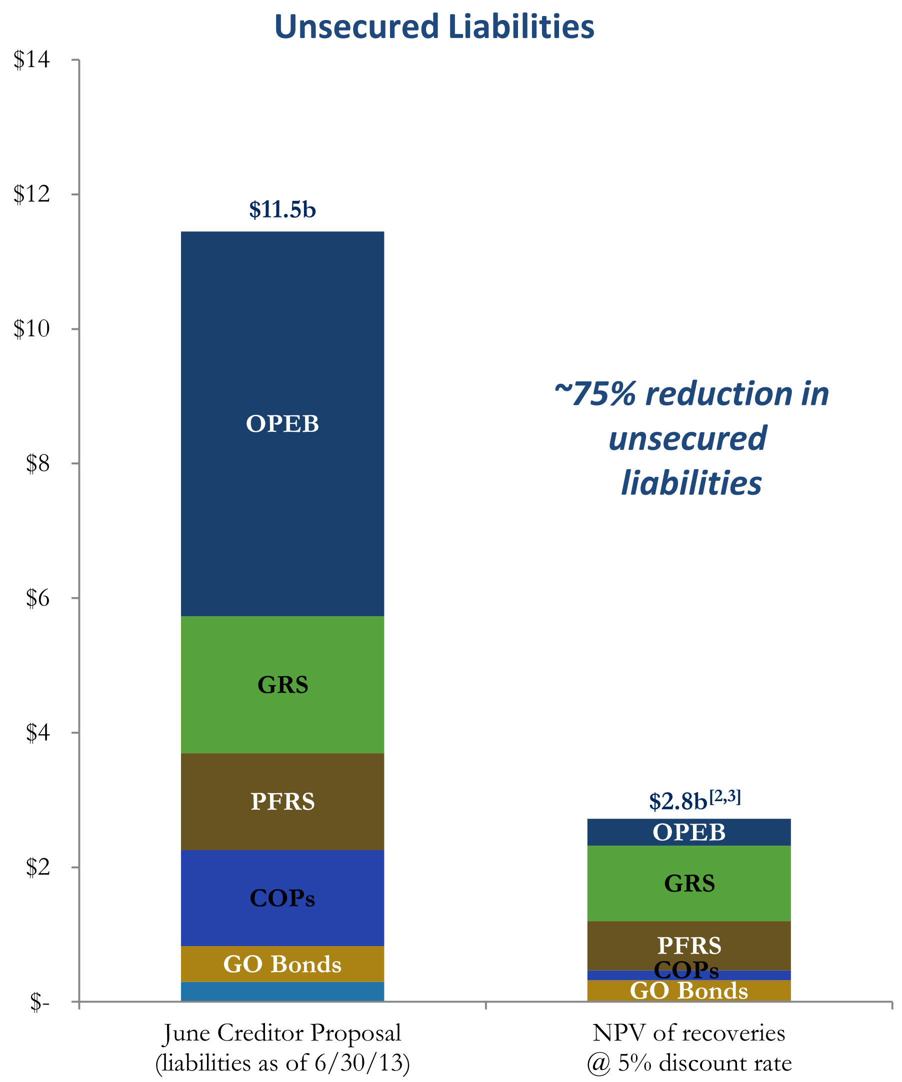
BRIAN TODD/DETROIT FREE PRESS

Legacy costs as a % of General Fund revenue



The Plan assumes ~50% reduction in total liabilities and ~75% reduction in unsecured liabilities.





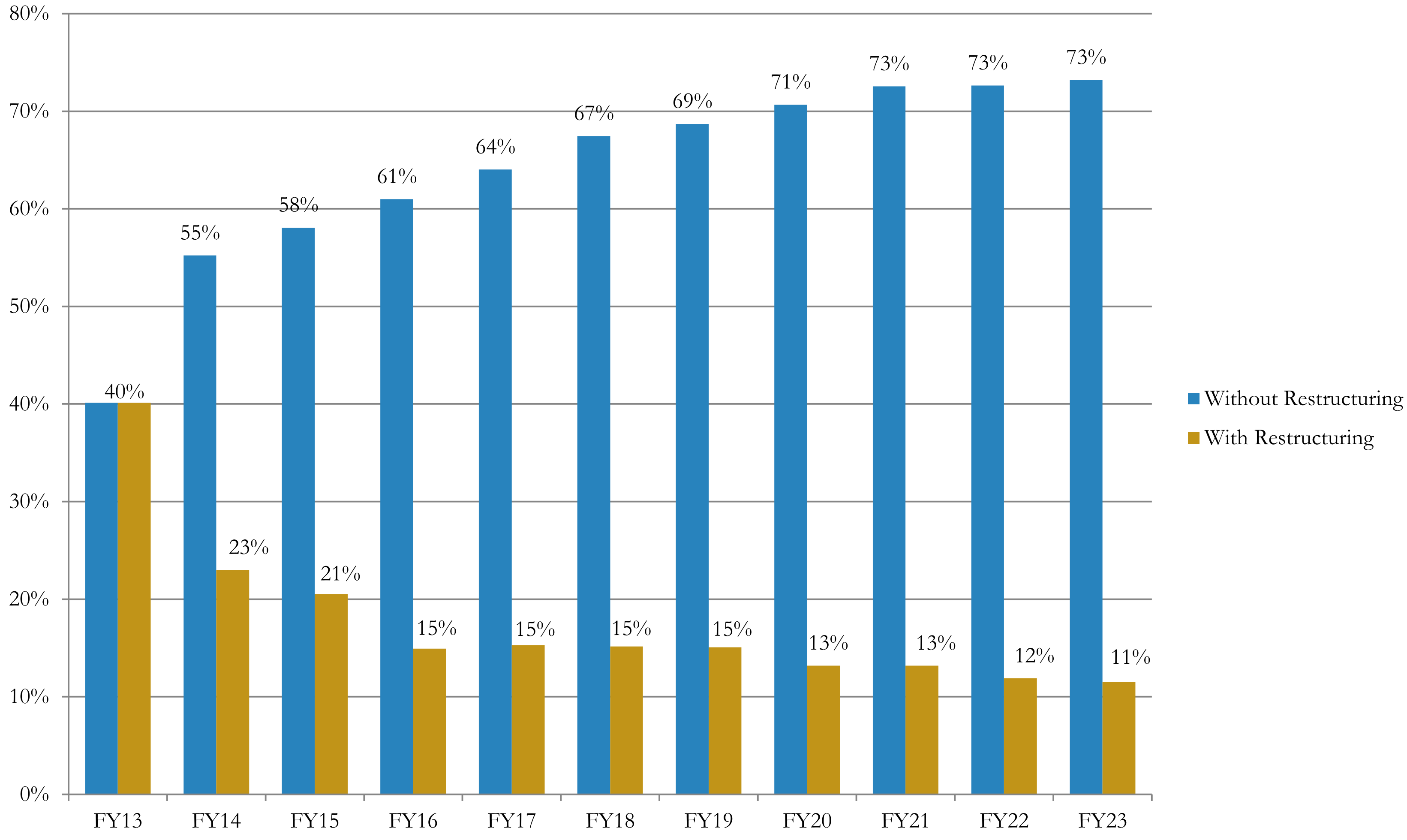
[1] Prepetition liabilities are based on CAFR and June 14th Creditor Proposal, actual claim amounts may differ. Treatment of DWSD and other secured debt to be determined

[2] Represents net present value of cash flows to unsecured creditors discounted at 5%. Actual liabilities at emergence are estimated to be slightly lower

[3] Hypothetical treatment of unsecured creditors is subject to on-going discussions and could change materially

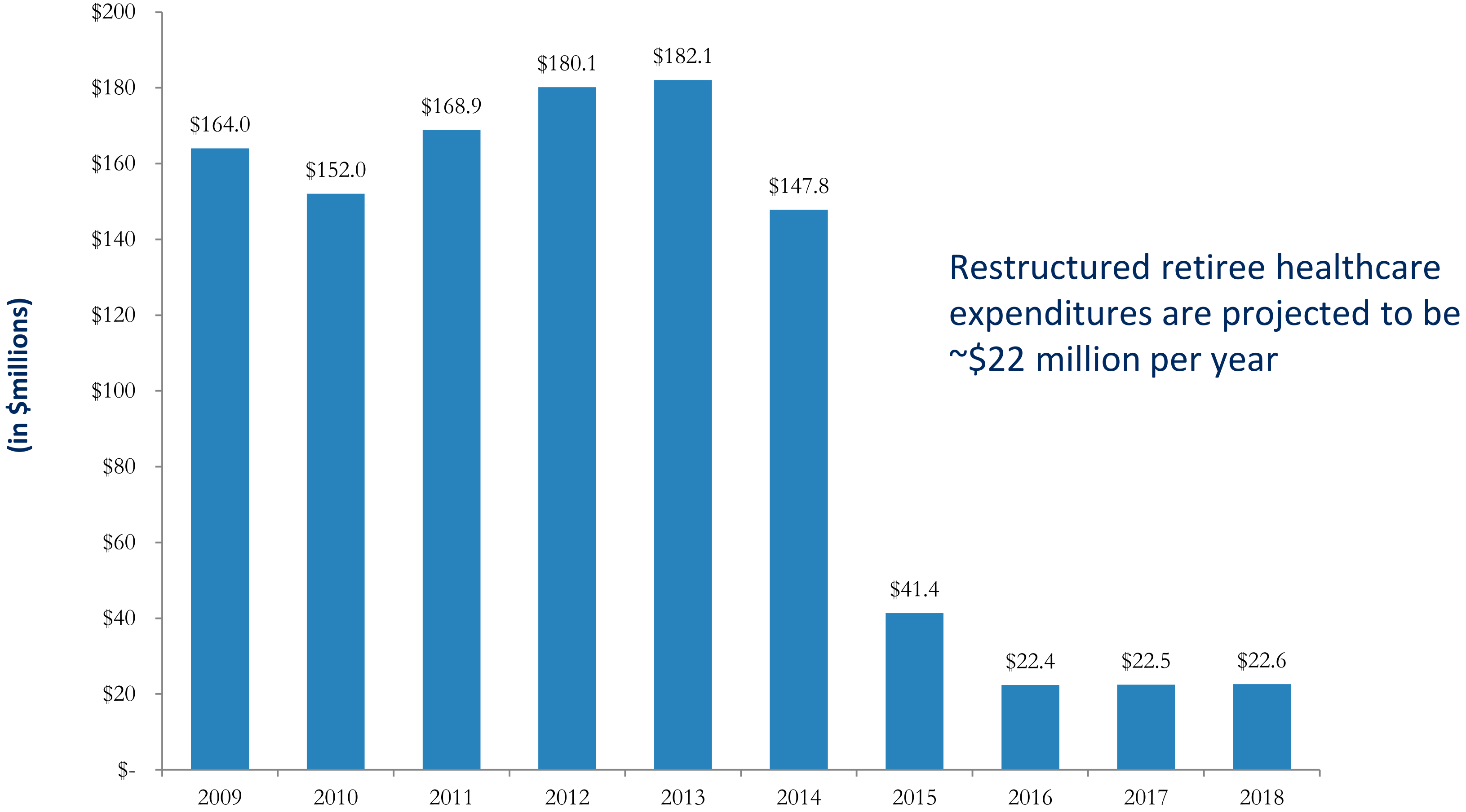
Legacy costs as a percentage of revenues will be significantly reduced through the Chapter 9 process.

Legacy costs as a % of General Fund revenue:



Restructured retiree healthcare expenditures (OPEB) will be significantly reduced.

Retiree Healthcare Expenditures:



Note: Reductions in retiree healthcare expenditures will reduce average cost per employee from over $18,000 in FY 2013 to approximately $2,000 in FY 2016

Percentage Recoveries for Each Class of Detroit Debt

Class(es)	Type of Debt	Recovery
1, 2, 3, 4 and 6	DWSD Bonds, Secured GO Bonds, Other Secured Debt, HUD Notes, Parking Bonds (Secured)	100%
5	Settled COP Swap (Secured)	30%
7	Settled LTGO	34%
8	Settled UTGO	74%
9	Settled COPs	13%
10	PFRS Pension	39-59%
11	GRS Pension	48-60%
12	Settled OPEB	10%
13	DDA Notes	10-13%
14	Other Unsecured	10-13%
15	Convenience Claims	25%
16	Subordinated Claims	0%
17	36th District Court Claims	33%

Three Bond Issuances in Bankruptcy

Public Lighting Authority of Detroit

Public Lighting Authority of Detroit completes initial sale of bonds

December 13, 2013

Public Lighting Authority of Detroit completes initial sale of bonds

DETROIT – The Public Lighting Authority of Detroit (PLA) completed the sale Friday of $60 million in bonds to fund the initial phases of its plan to restore reliable street lights to the city of Detroit.

The sale is the first step of a two step process which will eventually see the sale of approximately $150 million in bonds to fund the redesign and re-establishment of the city's street lighting system.

"The sale of these bonds means we will be able to continue uninterrupted our work to restore reliable street lights to the City over the next three years," said PLA Executive Director Odis Jones. "Last week's ruling by U.S. Bankruptcy Judge Steven Rhodes paved the way for this sale."

The bonds were issued to the Michigan Finance Authority (MFA), which in turn sold them to Citibank. By statute, the PLA can only issue bonds through the MFA.

Jones said the PLA will begin work immediately to begin the second phase of bonding, which will see the sale of approximately $150 million in bonds. Those bonds will be used to pay off the initial bonds sold Friday as well as providing additional funds to finish the street lighting project.

"The final amount of the second bond issue will depend on the bond rating they receive, but our expectation is that it will be around $150 million," Jones said.

The bonds will be paid off with proceeds from a portion of the City utility tax. The law passed by the Michigan Legislature in December 2012 creating the Public Lighting Authority also directed $12.5 million in city utility tax annually for the purpose of paying of bonds that are issued. A ruling issued the previous Friday by U.S. Bankruptcy Judge Stephen Rhodes assures that those funds will not be affected by the city of Detroit's bankruptcy filing.

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Three Bond Issuances in Bankruptcy

THE WALL STREET JOURNAL.
Dow Jones Company, Inc.
WSJ.com

Bankrupt Detroit Sells $1.8 Billion in New Water-and-Sewer Bonds

Bonds Received Enough Demand for Bankers to Lower Some Yields Slightly Throughout Day

By MIKE CHERNEY | Aug. 26, 2014

Detroit sold about $1.8 billion in bonds tied to its water-and-sewer system on Tuesday, marking a key part of the city's efforts to improve its finances since filing for bankruptcy last year.

Proceeds from the bonds, sold through the Michigan Finance Authority, will be used to buy back existing debt and make improvements to the water-and-sewer system, which also serves surrounding communities. The system is currently operated as a city department, and officials have said the debt deal could save the city millions of dollars, in part, through lower interest rates.

Bankers on Tuesday's debt deal, led by Citigroup Inc., received enough demand for the bonds to lower some yields slightly throughout the day. A 2023 bond offered a yield of 3.24% and a 2037 bond offered a yield of 4.52%. Many of the bonds, to be paid back from water and sewer revenues, carried insurance.

Earlier this month, the Detroit Board of Water Commissioners approved a plan to repurchase up to about $5.2 billion in outstanding water-and-sewer debt. Investors holding about $1.5 billion worth of the debt obliged.

Some water-and-sewer bondholders were poised to face reduced returns through Detroit's bankruptcy case, with the city proposing to lower the interest rate on some of the bonds. As part of the repurchase offer, however, the city said it wouldn't impair any of its remaining water-and-sewer debt.

A news release earlier this month said the city launched the buyback plan because "risks related to the department's future cost of borrowing prompted consideration of alternatives."

Detroit's bankruptcy filing, the largest municipal bankruptcy on record, sent tremors through the $3.7 trillion municipal-bond market as buyers feared they could see losses on their municipal investments, which traditionally have been viewed as safe. Detroit filed for bankruptcy after years of economic decline and a sharp drop in its population.

A hearing to approve the city's plan of debt adjustment, a necessary step before the city can emerge from bankruptcy, is scheduled to start Friday, according to a bond prospectus. Detroit previously reached agreements with other groups of bondholders, who agreed to take some losses.

The rating firms were split on how to grade the new water-and-sewer bonds. The highest rating from Moody's Investors Service was Ba2, two notches into junk territory. But Standard & Poor's Ratings Services gave the deal a triple-B-plus

The New York Times DealB%k

Barclays Agrees to Lend Detroit $275 Million to Exit Bankruptcy

By MARY WILLIAMS WALSH AUGUST 28, 2014

Barclays Capital has agreed to provide $275 million to finance Detroit's operations as it comes out of bankruptcy, according to documents filed in bankruptcy court.

The agreement calls for the Michigan Finance Authority to issue financial recovery bonds in that amount and for Barclays to buy them at an underwriter's discount that adds up to about $1.4 million. As the sole underwriter, Barclays will then have 150 days to resell the bonds in a syndication and public offering.

Part of the proceeds will be used to retire a $120 million loan, also from Barclays, that Detroit used to pay for its operations while in Chapter 9 bankruptcy. In addition, the city will use about $100 million of the proceeds to pay its obligations to two classes of bankruptcy creditors. The remaining amount is to be invested in public improvements intended to help reverse Detroit's long decline.

Because Detroit is still in bankruptcy and seeking to impair its debts, it has agreed to take steps to protect the investors who will buy the recovery bonds. People who work in Detroit pay an income tax, and the city is pledging that tax revenue to make good on the bonds, according to a term sheet filed in the bankruptcy court. To make sure city officials cannot spend the income-tax revenue first, the money will be sent to an indenture trustee, Comerica Bank, which will put it in a special account covered by a first priority statutory lien. While in this account, the money can be used only for the benefit of the bondholders. The only portion of Detroit's income-tax revenue that will escape this treatment is the part already dedicated to hiring and retaining city police officers.

Comerica will hold the tax revenue until there is enough to make coming bond payments, according to the term sheet. After that, the city will be able to transfer remaining revenue to accounts under its own control.

Detroit has also agreed to keep its income-tax rates high enough to keep at least two times the maximum annual cost of servicing the debt in the Comerica account. The term sheet says it "shall increase income-tax rates in accordance with applicable law to the extent necessary" to make this happen.

The city received 10 responses to its request for proposals for the exit financing, which its emergency manager, Kevyn Orr, said showed "the city's viability as an attractive investment."

Law360

Detroit Wins Confirmation Of $7B Debt-Cutting Plan

By Andrew Scurria

Law360, Detroit (November 07, 2014, 1:03 PM ET) -- The judge presiding over Detroit's bankruptcy case effectively ended the largest municipal insolvency in U.S. history on Friday, confirming a sweeping restructuring plan that eliminates more than $7 billion in debt while rehabilitating crippled city services.

Ruling from the bench in a Detroit courthouse, U.S. Bankruptcy Judge Steven Rhodes concluded that the plan met the requirem for confirmation under Chapter 9 and cou feasibly implemented by city and state officials. The plan, which is supported by virtually all of Detroit's financial stakeho pays pensioners more than bondholders, up $1.7 billion to reinvest in essential ser and keeps the city's rare art collection saf

"The plan will provide creditors all they reasonably expect under the circumstance is in their best interests," Judge Rhodes s

The decision marks the climax of Detroit controversial but short-lived stint in bankruptcy and the beginning of a long a uncertain revitalization process. Two California cities, Stockton and San Berna have each spent more than two years und court protection compared to the 16 mont took Detroit, a city of around 690,000, to complete its restructuring.

The city's decision to file for bankruptcy in July 2013 under the weight of more than $18 billion in debt, $3.5 billion of which was said to stem from pension liabilities, angered many residents, employees and officials who felt the city hadn't tried hard enough to find an alternative solution and keep power with elected leaders.

The Detroit News

Berman: Out of shame, a miracle fix for a broken city

Kevyn Orr wore the expression of an Olympic marathoner at the finish line, less triumphant than overcome by a combination of exhaustion and relief. As he acknowledged his wife Donna and his family's sacrifice at a courthouse press conference Friday, Detroit's stoic, sometimes tough, emergency manager was close to tears.

He had arrived here 18 months ago, prepared to stake everything on a chance to lead Detroit through the maze of bankruptcy law and into a

demand," ote, never ply to pply: Out of r Judge r Orr, and a cials, non- d not only f something

f defeat and lesson: a eople, using ether and he most d doing it all

iators mmunity's unity ining the so- y pensioners . "They

a bankruptcy case. It was about fixing a broken city."

He called that bargain — pulling together $816 million from foundations, the state and the DIA — "bordering on the miraculous."

"It was not forseeable, not reasonable," he said of the outcome, which required as much imagination as legal knowledge. In his 90 minute oral opinion delivered from the bench Friday, Rhodes meticulously explained why each each settlement was fair and reasonable under the law. (Later, Orr called Rhodes' long statement "a tour de force" unequaled by any he had witnessed in 34 years of legal practice.)

The city's Chapter 9 had begun in shame. But somehow the legal process provided enough incentives and framework for everyone involved to get things done. If Rhodes saw it as "all about shared sacrifice," it was also about high stakes, huge dollars, and the whole world watching — all combined to enable a group of people to focus on

The Detroit News

Detroit Rises: From bankruptcy, Detroit emerges buoyant

4:57 p.m. EST November 10, 2014

Detroit city government was just eight weeks away from running out of cash when Emergency Manager Kevyn Orr, at the direction of Gov. Rick Snyder, took the city into bankruptcy in July 2013.

Employees were taking furlough days to stretch the dwindling dollars. The city was buried under a crushing debt of $18.5 billion, with the bulk of it tied to the legacy costs of pensions and retiree health care.

There was virtually no revenue stream — half of property owners had stopped paying their taxes and water bills, and collection of the income tax was intermittent. The city had no practical ability to raise taxes, and because of its dismal credit rating, no ability to borrow.

It had no marketable assets except for the collections of the Detroit Institute of Arts, so creditors were banging their shopping carts against the museum's doors.

Detroit was staring insolvency in the face, and its residents and even some of its leaders had little appreciation for how rapidly financial conditions were deteriorating.

retirees should make legacy costs manageable at least for the near future. The city has contracts with all of its unions that begin establishing a common-sense relationship with

Detroit Free Press

Detroit's bond rating improves from junk status

Matt Helms, Detroit Free Press
July 29, 2015

Seven months out of bankruptcy, Detroit today won a crucial vote of confidence in its ability to borrow as the credit-rating agency Standard & Poor's rated as investment grade $245 million in bonds the city will soon sell to pay for upgrades to its police and fire departments and other critical public services.

S&P rated the bonds at "A/stable," considered an upper-medium grade and a significant improvement for a city whose ratings slid well into junk status as its financial condition careened toward collapse and with the nation's largest-ever municipal bankruptcy filing in 2013. The sale is the city's first step toward rebuilding its credit-worthiness in the public bond markets.

"When you've lost your financial credibility over many years, you have to rebuild it one step at a time, and today is a big step," Mayor Mike Duggan told the Free Press.

Duggan said another big step was the city balancing its budget last year, for the first time in a decade, and he and the City Council are on their way to a second balanced budget for 2015-2016.

The improved cre… onds will be easi… tors in the coming weeks… oit expects it will sell them at a … interest rate than had been anticipated in the city's Chapter 9 bankruptcy exit plan, officials said.

The city's plan of adjustment, the blueprint for Detroit's operations after bankruptcy, had assumed a 5.75% interest rate. But Detroit's deputy chief financial officer and finance director, John Naglick, said the better rating means the city could see an interest rate as low as 4.75% — saving about $20 million in interest payments over the life of the 8- to 15-year bonds. That's money that can be reinvested in more city services, Naglick said.

"S&P rated the bonds at 'A/stable,' considered an upper-medium grade and a significant improvement for a city. . ."

Detroit Free Press

Detroit neighborhood real estate finally going up

By JC Reindl and By Kristi Tanner, Detroit Free Press Staff Writers,
July 27, 2015

A Detroit Free Press analysis finds that home prices are finally starting to rise in Detroit's neighborhoods.

Home values in Detroit neighborhoods are finally experiencing some upward momentum after years of rock-bottom prices.

Still among the cheapest places in the nation to buy a house, Detroit neighborhoods are seeing prices inch up on most residential blocks with substantial gains in the strongest areas.

A Free Press analysis of land records shows the median sale price of any home in the city was $30,000 last month, more than four times the $7,000 median in 2009, an especially dark year for the economy and real estate.

To be sure, there are still plenty of houses in Detroit selling for $1,000 or less because of their poor physical condition and the still-deteriorating neighborhoods. And occasionally, a $1 house will hit the market when a bank or other owner wants to rid itself of the liability of ownership.

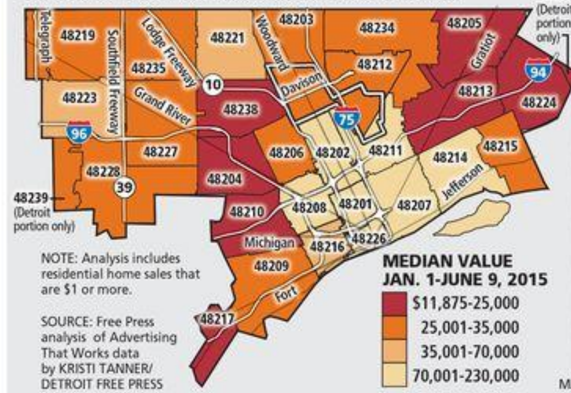
"Are prices going up? Yes. Let's say three years ago it was $3,000, now it's $12,000," said Albert Hakim, owner of City Management Group, which sells dozens of Detroit houses a month. "It's still not back to where it should be, but it's better than it was."

In Detroit's suburbs, prices have been steadily rebounding from recessionary lows with help from super-low mortgage rates, slimmer inventories of existing homes and improvements in the economy and people's personal finances. But within the city, modest incomes combined with scarce mortgage financing and an abundance of vacant and ramshackle houses have kept prices in the majority of neighborhoods very low.

But local real estate brokers and experts say the prices in neighborhoods are finally rising because investors with cash are purchasing more houses and some are investing in repairs to attract tenants or buyers.

DETROIT HOME SALE PRICES INCHING BACK FROM ROCK BOTTOM

The median home sale price has increased more than 300% in Detroit since 2009 when it was $7,000. By June 2015, it was $30,000.



DETROIT MEDIAN HOME SALE PRICES

	2009	2015 (As of June 9)
48201	$132,000	$230,000
48202	$19,000	$80,000
48203	$5,500	$34,900
48204	$6,000	$15,500
48205	$1	$18,500
48206	$5,725	$35,000
48207	$32,500	$73,000
48208	$11,000	$130,000
48209	$11,250	$26,500
48210	$9,600	$23,000
48211	$12,000	$85,000
48212	$7,500	$32,137
48213	$3,200	$14,950
48214	$15,500	$74,750
48215	$8,000	$35,000
48216	$15,000	$70,000
48217	$41,264	$11,875
48219	$4,850	$30,000
48221	$17,500	$45,000
48223	$3,500	$36,500
48224	$9,050	$22,000
48226	$135,250	$183,500
48227	$5,025	$32,000
48228	$7,000	$28,000
48234	$2,500	$26,750
48235	$8,500	$26,143
48236	$11,000	$24,000
48238	$2,975	$17,500
48239	$15,250	$32,750

MARTHA THIERRY/DETROIT FREE PRESS

USA TODAY

Groups pledge $330M to save Detroit art, pensions

Foundations are pooling money to keep museum, pensions out of city's bankruptcy.

By John Gallagher and Mark Stryker
Detroit Free Press Staff Writers
January 16, 2014

DETROIT — With the future of Detroit at stake, leaders of national and local foundations gathered on a chilly afternoon in early November in the Detroit chambers of U.S. Chief District Judge Gerald Rosen.

Rosen, the federal mediator in the Detroit bankruptcy, led a wide-ranging 3½-hour

discussion, during which he floated a
idea for a grand bargain: Could the
foundations pony up hundreds of mi
bolster at-risk city pensions and pr
Detroit Institute of Arts from havi
its treasures?It was a long shot at
on Monday it may have paid off

Rosen announced nine foundations pledged $330 million that would be used to shore up pension funds so the art would not have to be sold, a crucial step ward solving the contentious issues surroundin d paintings. The money represents dition of foundati n city and a b is a po to rest bank

It r m p

Detroit Free Press

Detroit automakers pledge $26M to protect city pensions, DIA art

By Matt Helms and Mark Stryker
Detroit Free Press Staff Writers
June 10, 2014

With $26 million in donations from the Detroit Three automakers, the Detroit Institute of Arts said Monday it has now raised 70% of the $100 million it has promised toward the grand bargain.

The grand bargain brings together the equivalent of $816 million from national and local foundations, the DIA and the state of Michigan to spare the museum's

The grand bargain total did not grow with akers' gifts, which instead represent quarter of the $100 million the DIA has to raising for the federally mediated ich ownership of the museum will be to an independent charitable trust. All will flow into a fund to help reduce ductions for thousands of city workers. chairman Gene Gargaro Jr. said that mpanies' contributions pushed the 70% of its $100-million commitment. idn't release details of who else has to their portion.

mountain
poetry in the morning announcement e in the DIA's famous Rivera Court, lexican muralist Diego Rivera's dustry" murals, a masterpiece whose of noble Depression-era workers in er Rouge factory underscored the ks between the auto industry, the city's ritage and the working men and o will benefit directly from the grand

el Ford who financed the creation of

Detroit Free Press

Can - and should - charitable foundations help rescue Detroit pensions, DIA artwork?

By John Gallagher and Mark Stryker
Detroit Free Press Staff Writers
November 19, 2013

National and local foundations have been asked to help bail out Detroit. But getting them to open their checkbooks will be a complicated dance of priorities, politics and practicalities.

The federal mediator in the Detroit bankruptcy is asking a group of at least nine local and national foundations to consider

collectively contributing hundreds of millions of dollars to solve two of the most

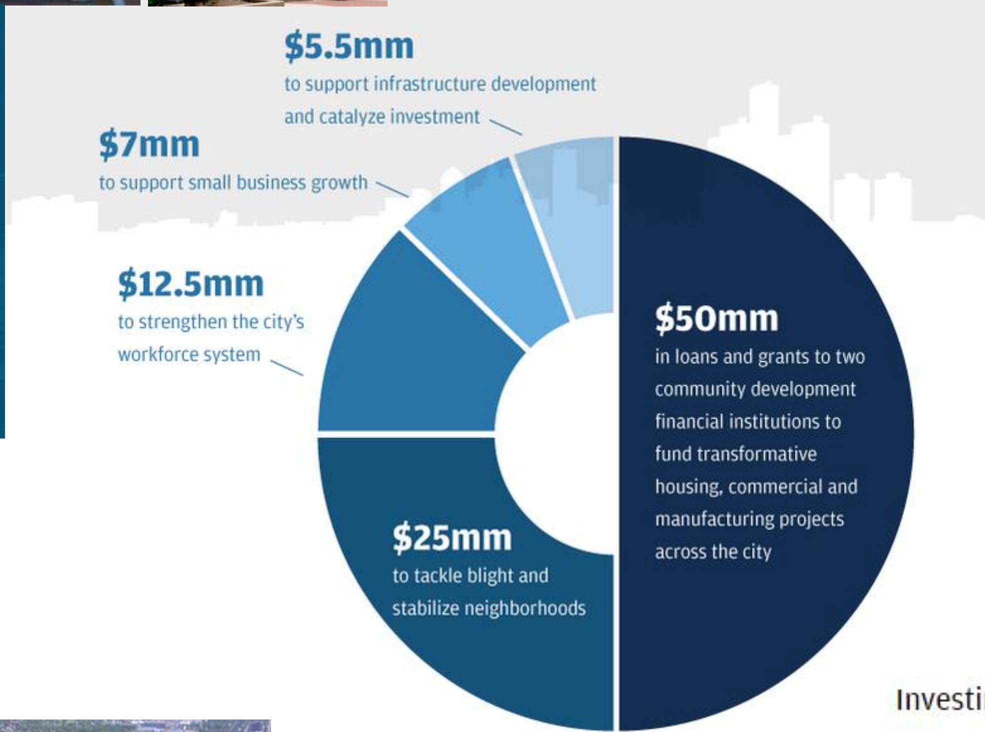
sometimes conflicting priorities — can find common ground in a grand bargain to help Detroit claw its way out of bankruptcy.

Expect some soul-searching within board rooms of foundations across the country and across the street. "Very few foundations do blank check-writing these days," said Alberto Ibargüen, president of the Miami-based John S. and James L. Knight Foundation. "So we're all going to look and say, 'Is this something we believe in? Does this fit generally with what we do? Is it necessary for Detroit?' And then, 'How much?' "

Goldman Sachs 10,000 small businesses

Seeding Future Economic Growth

DETROIT & JPMORGAN CHASE & CO.



Investing in Community Development

0% INTEREST
HOME REPAIR LOANS

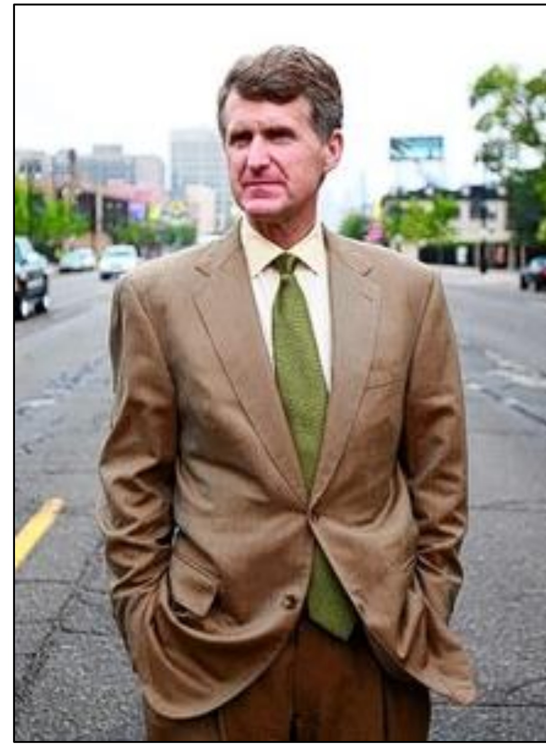
Growing Small Business

FORD FOUNDATION

Darren Walker
CEO

THE KRESGE FOUNDATION

Expanding opportunities in America's cities



Rip Rapson
CEO

Community Foundation

FOR SOUTHEAST MICHIGAN

Miriam Noland
President

John S. and James L.
Knight Foundation

Alberto Ibargüen
President and CEO

W.K. KELLOGG FOUNDATION™

A Partner With Communities Where Children Come First

La June Montgomery Tabron
President and CEO


M-1 RAIL
WOODWARD
THE BOWL
REDS
THE CITY OF DETROIT
SPERAMUS MELIORA
RESURGET CINERIBUS
MICHIGAN

JONES DAY