

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re

CITY OF DETROIT, MICHIGAN,

Debtor.

No. 13-53846

Chapter 9

HON. STEVEN W. RHODES

**STATE OF MICHIGAN'S RESPONSE TO THE ISSUE OF
REPRESENTATION OF PARTIES RELATING TO
PUBLIC LIGHTING AUTHORITY TRANSACTION**

The State of Michigan, through its undersigned counsel, submits this Response to the Issue of Representation of Parties Relating to the Public Lighting Authority Transaction (the "State's Representation Response") raised by the Court at the November 27, 2013 hearing (the "PLA Hearing") on Debtor's Motion for Entry of an Order (I) Authorizing the Debtor to Enter Into and Perform Under Certain Transaction Documents with the Public Lighting Authority and (II) Granting Other Relief (the "Motion"). [Dkt. #1341.]

RESPONSE

The PLA Transaction Documents (as defined in the Motion; capitalized terms used in the State's Representation Response and not

defined shall have the meanings set forth in the Motion) involve a transaction by and among the City, the PLA, the Michigan Finance Authority (the “MFA”) and the Trustee intended to provide financing to address the public lighting problems that exist in the City of Detroit. The structure contemplated by the Municipal Lighting Authority Act (PA 392) is a conduit financing transaction involving two authorities, the PLA in one transaction and the MFA in the other. Conduit structures enable entities which otherwise may not have access to the capital markets to utilize financially stronger conduit entities to access the desirable capital markets and provide credit support to the transaction.

The State is filing this Response for purposes of full disclosure. It was originally contemplated that Miller, Canfield, Paddock and Stone, P.L.C. (“Miller Canfield”) would represent both the PLA and the MFA in the PLA Transaction. The MFA was aware of this arrangement when it authorized the designation of Miller Canfield as bond counsel for the MFA. Even though the MFA is not required to do so, in light of the concerns raised at the PLA Hearing and in an abundance of caution, the MFA has asked Dickinson Wright to represent the MFA as bond

counsel in the PLA Transaction. The State remains very sensitive to the need to avoid unnecessary delay, but given Dickinson Wright's involvement in this case and its familiarity with the PLA Transaction due to its preparation of the State's brief on this topic, there should be little or no delay in closing this Transaction due to the MFA's change of counsel. In addition, as in all MFA transactions, the MFA will also be represented by the Attorney General's office.

Respectfully submitted,

/s/Matthew Schneider

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Dated: December 4, 2013