

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN**

In re	)	
	)	Chapter 9
CITY OF DETROIT, MICHIGAN,	)	
	)	Case No. 13-53846
	)	
Debtor.	)	Hon. Steven W. Rhodes
	)	
	)	<b>Expedited Consideration</b>
	)	<b>Requested</b>

---

**THE OBJECTORS' SUPPLEMENTAL MOTION TO ADMIT CERTAIN  
DEPOSITION TESTIMONY OF CHARLES MOORE AND JAMES DOAK**

The Objectors<sup>1</sup> hereby move this court pursuant to Federal Rules of Civil Procedure 26 and 32(a), made applicable to this proceeding by Federal Rules of Bankruptcy Procedure 7026 and 7032, for entry of the proposed order attached hereto as Exhibit 1 admitting the deposition testimony identified in Exhibit 6-A and Exhibit 6-B<sup>2</sup> for purposes of the upcoming evidentiary hearing(s) relating to the *Motion of Debtor for Entry of an Order (I) Authorizing the Assumption of that Certain Forbearance and Optional Termination Agreement Pursuant to Section*

---

<sup>1</sup> This motion is joined by Syncora Capital Assurance Inc. and Syncora Guarantee Inc. (“Syncora”), Assured Guaranty Municipal Corp., The Michigan Council 25 of the American Federation of State, County & Municipal Employees, AFL-CIO and Sub-Chapter 98, City of Detroit Retirees, Ambac Assurance Corporation, National Public Finance Guarantee Corporation, Hypothekbank Frankfurt AG, Hypothekbank Frankfurt International S.A., and Erste Europäische Pfandbrief- und Kommunkreditbank Aktiengesellschaft in Luxemburg S.A. (collectively “EEPK”), the Police and Fire Retirement System of the City of Detroit and the General Retirement System of the City of Detroit, FMS Wertmanagement AöR, and Financial Guaranty Insurance Company.

<sup>2</sup> The deposition designations submitted by the undersigned objectors are contained in Exhibits 6-A and 6-B.

*365(a) of the Bankruptcy Code, (II) Approving Such Agreement Pursuant to Rule 9019, and (III) Granting Related Relief*, dated July 18, 2013 [Doc. No. 17] (the “Assumption Motion”) and the *Motion of the Debtor for a Final Order Pursuant to 11 U.S.C. §§ 105, 362, 364(C)(1), 364(C)(2), 364(E), 364(F), 503, 507(A)(2), 904, 921 and 922 (I) Approving Post-Petition Financing, (II) Granting Liens and Providing Superpriority Claim Status and (III) Modifying Automatic Stay*, dated November 5, 2013 [Doc. No. 1520] (the “DIP Motion”). The Objectors submit this motion as an amendment to their *Motion to Admit Certain Deposition Testimony of Kevyn Orr and Kenneth Buckfire* [Doc. No. 954] (the “Motion to Admit”) in light of the consolidation of the hearings [Doc. No. 1864] with respect to the Assumption and DIP Motions and the additional deposition testimony that has been obtained since the Objectors’ Motion to Admit. In support thereof, the Objectors state as follows:

### **JURISDICTION**

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue for this matter is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

### **LEGAL STANDARD**

2. Federal Rule of Civil Procedure 32(a)(1) provides that, “[a]t a hearing or trial, all or part of a deposition may be used against a party on these conditions:

(A) the party was present or represented at the taking of the deposition or had reasonable notice of it; (B) it is used to the extent it would be admissible under the Federal Rules of Evidence if the deponent were present and testifying; and (C) the use is allowed by Rule 32(a)(2) through (8).” FED. R. CIV. P. 32(a)(1).

3. Under Federal Rule of Civil Procedure 32(a)(3), “[a]n adverse party may use for any purpose the deposition of a party or anyone who, when deposed, was the party’s officer, director, managing agent, or designee under Rule 30(b)(6) or 31(a)(4).” FED. R. CIV. P. 32(a)(3).

4. In the Sixth Circuit, a “managing agent” for purposes of Rule 32(a)(3) is any person who possesses the following authority and attributes:

- a. Acts with superior authority and is invested with general powers to exercise his judgment and discretion in dealing with his principal’s affairs (as distinguished from a common employee, who does only what he is told to do; has no discretion about what he can or cannot do; and is responsible to an immediate superior who has control over his acts);
- b. Can be depended upon to carry out his principal’s directions to give testimony at the demand of a party engaged in litigation with his principals; and
- c. Can be expected to identify himself with the interests of his principal rather than those of the other party.

*In re Air Crash at Lexington, Kentucky, August 27, 2006*, 71 Fed. R. Serv. 3d 313, 2008 WL 2954971, at \*4 (E.D. Ky. Jul. 30, 2008) (citing *Brandon v. Art Centre Hospital (Osteopathic)*, 366 F.2d 369, 372 (6th Cir. 1966)).

## RELIEF REQUESTED AND BASIS FOR RELIEF

5. In this case, the Objectors are submitting the deposition testimony of Charles Moore and James Doak, both of whom qualify as managing agents for purposes of Rule 32(a)(3). The deposition testimony that the Objectors intend to submit is attached hereto as Exhibits 6-A and 6-B.

6. The deposition testimony of Charles Moore satisfies the standards of Federal Rule 32. First, Mr. Moore was represented at his deposition by Jones Day. Second, the Objectors intend to use Mr. Moore's deposition testimony to the extent it would be admissible under the Federal Rules of Evidence if Mr. Moore were present and testifying (*i.e.*, as party admissions under Federal Rule of Evidence 801(2)(d)). Third, Mr. Moore was one of the City's "managing agents" at the time of his deposition on December 4, 2013.

7. At the time of his deposition, Mr. Moore was a Senior Managing Director at Conway MacKenzie, Inc. (Declaration of Charles Moore in Support of the DIP Motion [Doc. No. 1520] ¶ 1.) Mr. Moore was acting as an operational restructuring advisor to the City (*Id.*) As the operational restructuring advisor, Moore worked to develop an extensive 10-year reinvestment plan to rebuild the City's infrastructure (*Id.* at ¶ 4.) He worked closely with multiple City departments to develop a detailed and comprehensive work plan to manage those departments' activities. (Ex. 6-C, Moore Dep. 17:5-19.)

8. Mr. Moore acts, as set out in *In re Air Crash*, “with superior authority and is invested with general powers to exercise his judgment and discretion in dealing with [the City’s] affairs.” Accordingly, he qualifies as a managing agent for purposes of Federal Rule 32(a)(3).

9. The deposition testimony of James Doak also satisfies the standards of Federal Rule 32. First, Mr. Doak was represented at his deposition by Jones Day. Second, the Objectors intend to use Mr. Doak’s deposition testimony to the extent it would be admissible under the Federal Rules of Evidence if Mr. Doak were present and testifying (*i.e.*, as party admissions under Federal Rule of Evidence 801(2)(d)). Third, Mr. Doak was one of the City’s “managing agents” at the time of his deposition on December 5, 2013.

10. At that time, Mr. Doak was a managing director at Miller Buckfire & Co., LLC, which served as an investment banker to the City. (Declaration of James Doak in Support of the DIP Motion [Doc No. 1520], ¶ 1.) Mr. Doak was involved in all aspects of obtaining postpetition financing for the City, including soliciting proposals, engaging in dialogue with potential lenders, selecting the best proposal for the City’s needs, and negotiating the primary terms of the financing documents. (Doak Decl. ¶ 4.)

11. Accordingly, Mr. Doak qualifies as a managing agent under Federal Rule 32. To begin, Mr. Doak had the authority to exercise his judgment and

discretion to negotiate the best possible terms with the prospective lenders. *See In re Air Crash*, 2008 WL 2954971, at \*4 (stating that a managing agent is a person who “is invested with general powers to exercise his judgment and discretion in dealing with his principal’s affairs . . . .”). In addition, Mr. Doak’s appearance at his deposition and the upcoming evidentiary hearing demonstrate that he satisfies the other two factors set out in *In re Air Crash* — namely, that he can (a) be depended upon to carry out the City’s direction to provide testimony and (b) be expected to identify himself with the interests of the City as opposed to the Objectors.

12. Finally, it should be noted that, in addition to the fact that the depositions of Messrs. Moore and Doak are independently admissible, granting this Motion will permit counsel to focus their cross-examinations on the most salient points, which will help to streamline the consolidated hearing on the Assumption Motion and DIP Motion.

13. In filing this motion, the Objectors reserve their right to designate additional deposition testimony based on the evidence introduced at the hearing, consistent with any Orders of the Court regarding post-hearing submissions.

*[Remainder of this page intentionally left blank.]*

WHEREFORE, the Objectors request that this Court grant the relief requested in this motion and enter an order consistent with the proposed order attached as Exhibit 1.

Dated: December 11, 2013

Respectfully submitted,

**KIRKLAND & ELLIS LLP**

By: /s/ Stephen C. Hackney  
James H.M. Sprayregen, P.C.  
Ryan Blaine Bennett  
Stephen C. Hackney  
KIRKLAND & ELLIS LLP  
300 North LaSalle  
Chicago, Illinois 60654  
Telephone: (312) 862-2000  
Facsimile: (312) 862-2200

- and -

Stephen M. Gross  
David A. Agay  
Joshua Gadharf  
MCDONALD HOPKINS PLC  
39533 Woodward Avenue  
Bloomfield Hills, MI 48304  
Telephone: (248) 646-5070  
Facsimile: (248) 646-5075

*Attorneys for Syncora Guarantee Inc. and  
Syncora Capital Assurance Inc.*

**CHADBOURNE & PARKE LLP**

By: /s/ Lawrence A. Larose

Lawrence A. Larose  
Samuel S. Kohn  
Marc D. Ashley  
30 Rockefeller Plaza  
New York, NY 10012  
Telephone: (212) 408-5100  
llarose@chadbourne.com  
skohn@chadbourne.com  
mashley@chadbourne.com

*Counsel for Assured Guaranty  
Municipal Corp.*

**LOWENSTEIN SANDLER LLP**

By: /s/ Sharon L. Levine  
Sharon L. Levine, Esq.  
John K. Sherwood, Esq.  
Philip J. Gross, Esq.  
Keara M. Waldron, Esq.  
65 Livingston Avenue  
Roseland, New Jersey 07068  
(973) 597-2500 (Telephone)  
(973) 597-6247 (Facsimile)  
slevine@lowenstein.com  
jsherwood@lowenstein.com  
pgross@lowenstein.com  
kwaldron@lowenstein.com

-and-

Herbert A. Sanders, Esq.  
THE SANDERS LAW FIRM PC  
615 Griswold St., Suite 913  
Detroit, MI 48226  
(313) 962-0099 (Telephone)  
(313) 962-0044 (Facsimile)  
hsanders@miafscme.org

-and-



Richard G. Mack, Jr., Esq.  
Miller Cohen, P.L.C.  
600 West Lafayette Boulevard  
4th Floor  
Detroit, MI 48226-3191

*Counsel to Michigan Council 25 of the  
American Federation of State, County and  
Municipal Employees (AFSCME), AFL-  
CIO and Sub- Chapter 98, City of Detroit  
Retirees*

By: /s/ Carol Connor Cohen  
Carol Connor Cohen  
Caroline Turner English  
**ARENT FOX LLP**  
1717 K Street, NW  
Washington, DC 20036-5342  
Telephone: (202) 857-6054  
E-mail: [Carol.Cohen@arentfox.com](mailto:Carol.Cohen@arentfox.com)

-and-

David L. Dubrow  
Mark A. Angelov  
**ARENT FOX LLP**  
1675 Broadway  
New York, NY 10019  
Telephone: (212) 484-3900

-and-

SCHAFFER AND WEINER, PLLC  
Daniel J. Weiner (P32010)  
Brendan G. Best (P66370)  
40950 Woodward Ave., Suite 100  
Bloomfield Hills, MI 48304  
Telephone: (248) 540-3340  
E-mail: [bbest@schaferandweiner.com](mailto:bbest@schaferandweiner.com)

*Attorneys for Ambac Assurance  
Corporation*

By: /s/ Guy S. Neal

Eric D. Novetsky

Louis P. Rochkind

**JAFFE, RAITT, HEUER & WEISS,  
P.C.**

2777 Franklin Road, Suite 2500

Southfield, MI 48034

Telephone: (248) 351-3000

Facsimile: (248) 351-3082

E-mail: [enovetsky@jaffelaw.com](mailto:enovetsky@jaffelaw.com)

-and-

Jeffrey E. Bjork

**SIDLEY AUSTIN LLP**

555 West Fifth Street, Suite 4000

Los Angeles, CA 90013

Telephone: (213) 896-6000

Facsimile: (213) 896-6600

E-mail: [jbjork@sidley.com](mailto:jbjork@sidley.com)

-and-

**SIDLEY AUSTIN LLP**

Guy S. Neal

1501 K Street, N.W.

Washington, DC 20005

Telephone: (202) 736-8000

Facsimile: (202) 736-8711

E-mail: [gneal@sidley.com](mailto:gneal@sidley.com)

*Attorneys for National Public Finance  
Guarantee Corporation*

By: /s/Robert D. Gordon

Robert D. Gordon

Shannon L. Deeby

CLARK HILL PLC  
151 South Old Woodward Avenue, Suite  
200  
Birmingham, MI 48009  
Telephone: (248) 988-5882  
Facsimile: (248) 988-2502  
E-mail: [rgordon@clarkhill.com](mailto:rgordon@clarkhill.com)

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

By: /s/ Thomas R. Morris

Thomas R. Morris

Karin F. Avery

**SILVERMAN & MORRIS, P.L.L.C.**

30500 Northwestern Highway, Suite 200

Farmington Hills, Michigan 48334

Telephone: (248) 539-1330

Facsimile: (248) 539-1355

E-mail: [morris@silvermanmorris.com](mailto:morris@silvermanmorris.com)

E-mail: [avery@silvermanmorris.com](mailto:avery@silvermanmorris.com)

-and-

**LIPPITT O'KEEFE, PLLC**

Brian D. O'Keefe

Ryan C. Plecha

370 East Maple Road, 3rd Floor

Birmingham, Michigan 48009

Telephone: (248); 646-8292

Facsimile: (248) 646-8375

E-mail: [bokeefe@lippitokeefe.com](mailto:bokeefe@lippitokeefe.com)

E-mail: [rplecha@lippitokeefe.com](mailto:rplecha@lippitokeefe.com)

*Attorneys for Retiree Association Parties*

By: /s/ Vincent J. Marriott, III

Howard S. Sher  
**JACOB & WEINGARTEN, P.C.**  
Somerset Place  
2301 W. Big Beaver Road, Suite 777  
Troy, Michigan 48084  
Telephone: (248) 649-1200  
Facsimile: (248) 649-2920  
E-mail: [howard@jacobweingarten.com](mailto:howard@jacobweingarten.com)

-and-

Vincent J. Marriott, III  
**BALLARD SPAHR LLP**  
1735 Market Street, 51st Flr.  
Philadelphia, PA 19103  
Phone: 215.864.8236  
Fax: 215.864.9762  
Email: [marriott@ballardspahr.com](mailto:marriott@ballardspahr.com)

-and-

Matthew G. Summers  
**BALLARD SPAHR LLP**  
919 North Market Street, 11th Floor  
Wilmington, Delaware 19801  
Telephone: (302) 252-4428  
Facsimile: (410) 361-8930  
E-mail: [summersm@ballardspahr.com](mailto:summersm@ballardspahr.com)

*Attorneys for Hypothekenbank Frankfurt  
AG, Hypothekenbank Frankfurt  
International S.A., and Erste Europäische  
Pfandbrief- und Kommunalkreditbank  
Aktiengesellschaft in Luxemburg S.A.  
(collectively "EPPK")*

By: /s/ Rick L. Frimmer  
Rick L. Frimmer  
Karen V. Newbury  
Michael W. Ott

SCHIFF HARDIN, LLP  
233 S. Wacker Drive, Suite 6600  
Chicago, IL 60606  
Telephone: (312) 258-5600  
Facsimile: (312) 258-5600  
E-mail: [rfrimmer@schiffhardin.com](mailto:rfrimmer@schiffhardin.com)  
E-mail: [knewbury@schiffhardin.com](mailto:knewbury@schiffhardin.com)  
E-mail: [mott@schiffhardin.com](mailto:mott@schiffhardin.com)

*Attorneys for FMS Wertmanagement AöR*

By: /s/ Mark R. James\_\_\_\_\_

Ernest J. Essad Jr.

Mark R. James

**WILLIAMS, WILLIAMS, RATTNER  
& PLUNKETT, P.C.**

280 North Old Woodward Avenue, Suite  
300

Birmingham, MI 48009

Telephone: (248) 642-0333

Facsimile: (248) 642-0856

E-mail: [EJEssad@wwrplaw.com](mailto:EJEssad@wwrplaw.com)

E-mail: [mrjames@wwrplaw.com](mailto:mrjames@wwrplaw.com)

-and-

Alfredo R. Pérez

**WEIL, GOTSHAL & MANGES LLP**

700 Louisiana Street, Suite 1600

Houston, TX 77002

Telephone: (713) 546-5000

Facsimile: (713) 224-9511

E-mail: [Alfredo.perez@weil.com](mailto:Alfredo.perez@weil.com)

*Attorneys for Financial Guaranty  
Insurance Company*

## Summary of Exhibits

Exhibit 1 - Proposed Order

Exhibit 2 - Notice of Motion and Opportunity to Object

Exhibit 3 - None [Brief Not Required]

Exhibit 4 - None [Separate Certificate of Service to be Filed]

Exhibit 5 - Affidavits [Not Applicable]

Exhibit 6 - Documentary Exhibits

Exhibit 6A - Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Exhibit 6B - Objectors' Designations From December 5, 2013 Deposition of James Doak

Exhibit 6C - Excerpt from the Deposition of Charles Moore

**Exhibit 1**  
**Proposed Order**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN**

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

---

**ORDER GRANTING THE OBJECTORS' SUPPLEMENTAL MOTION TO  
ADMIT CERTAIN DEPOSITION TESTIMONY OF CHARLES MOORE  
AND JAMES DOAK**

---

This matter coming before the Court on the motion of the Objectors for the entry of an order admitting the deposition testimony identified in Exhibit 6-A and Exhibit 6-B to *The Objectors' Supplemental Motion to Admit Certain Deposition Testimony of Charles Moore and James Doak*; the Court having reviewed the Objectors' motion; and the Court having determined that the legal and factual bases set forth in the motion establish just cause for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. The Objectors' motion is GRANTED.
2. The deposition testimony identified in Exhibit 6-A and Exhibit 6-B to the Objectors' motion is admitted.
3. The joining Objectors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the motion.



4. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

5. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

**IT IS SO ORDERED.**

---

STEVEN W. RHODES  
United States Bankruptcy Judge

**Exhibit 2**

**Notice of Motion and Opportunity to Object**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN**

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

---

**NOTICE OF THE OBJECTORS' SUPPLEMENTAL  
MOTION TO ADMIT CERTAIN DEPOSITION  
TESTIMONY OF CHARLES MOORE AND JAMES DOAK**

---

**PLEASE TAKE NOTICE** that on December 11, 2013, the Objectors filed the *Objectors' Supplemental Motion to Admit Certain Deposition Testimony of Charles Moore and James Doak* (the "Motion") in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court") seeking entry of an order admitting deposition testimony for purposes of the upcoming evidentiary hearing(s) relating to the *Motion of Debtor for Entry of an Order (I) Authorizing the Assumption of that Certain Forbearance and Optional Termination Agreement Pursuant to Section 365(a) of the Bankruptcy Code, (II) Approving Such Agreement Pursuant to Rule 9019, and (III) Granting Related Relief*, dated July 18, 2013 [Doc. No. 17] (the "Assumption Motion") and the *Motion of the Debtor for a Final Order Pursuant to 11 U.S.C. §§ 105, 362, 364(c)(1), 364(c)(2), 364(e), 364(f), 503, 507(a)(2), 904, 921 and 922 (I) Approving Post-Petition Financing, (II) Granting Liens and Providing Superpriority Claim Status and (III) Modifying Automatic Stay, dated November 5, 2013* [Doc. No. 1520] (the "DIP Motion").

**PLEASE TAKE FURTHER NOTICE** that your rights may be affected by the relief sought in the Motion. You should read these papers carefully and discuss them with your attorney, if you have one. If you do not have an attorney, you may wish to consult one.

**PLEASE TAKE FURTHER NOTICE** that if you do not want the Bankruptcy Court to grant the Objectors' Motion or you want the Bankruptcy

Court to consider your views on the Motion, by **December 26, 2013**, you or your attorney must:<sup>1</sup>

File with the Bankruptcy Court a written response to the Motion, explaining your position, electronically through the Bankruptcy Court's electronic case filing system in accordance with the Local Rules of the Bankruptcy Court or by mailing any objection or response to:<sup>2</sup>

United States Bankruptcy Court  
Theodore Levin Courthouse  
231 West Lafayette Street  
Detroit, MI 48226

You must also serve a copy of any objection or response upon:

James H.M. Sprayregen, P.C.  
Ryan Blaine Bennett  
Stephen C. Hackney  
KIRKLAND & ELLIS LLP  
300 North LaSalle  
Chicago, Illinois 60654  
Telephone: (312) 862-2000  
Facsimile: (312) 862-2200

- and -

Stephen M. Gross  
David A. Agay  
Joshua Gadharf  
MCDONALD HOPKINS PLC  
39533 Woodward Avenue  
Bloomfield Hills, MI 48304  
Telephone: (248) 646-5070  
Facsimile: (248) 646-5075

---

<sup>1</sup> Concurrently herewith, the Objectors are seeking expedited consideration and shortened notice of the Motion. If the Court grants such expedited consideration and shortened notice, the Objectors will file and serve notice of the new response deadline.

<sup>2</sup> A response must comply with F. R. Civ. P. 8(b), (c) and (e).

If an objection or response is timely filed and served, the clerk will schedule a hearing on the Motion and you will be served with a notice of the date, time and location of the hearing.

**PLEASE TAKE FURTHER NOTICE that if you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the Motion and may enter an order granting such relief.**

Dated: December 11, 2013

/s/ Stephen C. Hackney

James H.M. Sprayregen, P.C.

Ryan Blaine Bennett

Stephen C. Hackney

KIRKLAND & ELLIS LLP

300 North LaSalle

Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200

- and -

Stephen M. Gross

David A. Agay

Joshua Gadharf

MCDONALD HOPKINS LLC

39533 Woodward Avenue

Bloomfield Hills, MI 48304

Telephone: (248) 646-5070

Facsimile: (248) 646-5075

*Attorneys for Syncora Guarantee Inc. and Syncora  
Capital Assurance Inc.*

**Exhibit 3**

**None [Brief Not Required]**

**Exhibit 4**

**None [Separate Certificate of Service to be Filed]**

**Exhibit 5**  
**Affidavits**  
**[Not Applicable]**



**Exhibit 6A**

**Objectors' Designations From December 4, 2013  
Deposition of Charles Moore**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 9 Ln: 15 - 24

### Designation:

9:15 Q. Mr. Moore, good morning. Can you state your name for  
16 the record, please.

17 A. Yes. Charles Moore, M-O-O-R-E.

18 Q. It's my understanding that you've had your deposition  
19 taken a number of times before, is that correct?

20 A. Yes, sir.

21 Q. And it's fair to say that you have a general  
22 understanding of the way a deposition process works,  
23 is that correct?

24 A. Yes.

Pg: 10 Ln: 19 - Pg: 13 Ln: 8

### Designation:

10:19 Q. Let me hand you what I've marked for purposes of  
20 identification as Moore Exhibit Number 1. I've got  
21 two more of these. Sorry, guys, I just made five  
22 total.

23 Do you have Moore Exhibit Number 1 in front  
24 of you, Mr. Moore?

25 A. I do.

11: 1 Q. This is a contract between Conway MacKenzie and the  
2 City of Detroit regarding professional services, is

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

3           that correct?

4    A.    That appears to be the case, yes.

5    Q.    If you look at the back of this contract, you'll see  
6           that I have attached the first amendment to the  
7           contract as well.  It's the last three pages double  
8           sided, so to speak.

9    A.    Yes.

10   Q.    Have there been any other amendments to this contract?

11   A.    Not other than the first amendment.

12   Q.    Yeah, I meant other than what we're looking at here.

13   A.    Correct, no others.

14   Q.    If you look at the first amendment, you'll see there's  
15           a reference to the so-called Impact subcontract?

16   A.    Yes, sir.

17   Q.    And the Impact subcontract is defined within this  
18           first amendment, the definition of what those words  
19           mean, do you see that?

20   A.    I do, yes.

21   Q.    Is the Impact subcontract itself embodied in a  
22           contract of its own somewhere else?

23   A.    Yes.

24   Q.    Okay.  Do you know if that has been made available to  
25           the creditors?

12: 1   A.    I don't know.

2    Q.    For what it's worth, I did not see that on the City's  
3           website when I was reviewing all the consultant  
4           contracts, so to the extent it's not in the data room,

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 I'll ask for counsel to get that produced.

6 Can you tell me what the impact subcontract  
7 is?

8 A. It's a contract between Conway MacKenzie, Inc., which  
9 is my firm, and Impact Staffing, related to the  
10 provision of resources to assist in the operational  
11 restructuring of the City of Detroit.

12 Q. Okay. So does it expand the scope of services that  
13 Conway MacKenzie is obligated to provide under this  
14 professional service contract?

15 A. It does not.

16 Q. In layman's terms, is it that you needed additional  
17 bodies to help you perform the services and one of the  
18 ways that you got the additional bodies was by  
19 entering into a subcontract?

20 A. Back several months ago when there were different  
21 people involved on behalf of the City in some of the  
22 key positions, specifically Chris Andrews as the  
23 program management director, as well as Jack Martin as  
24 the chief financial officer, clearly recognized that  
25 there was a need for additional arms and legs in  
13: 1 several of the departments to help carry out  
2 restructuring initiatives.

3 Clearly Conway MacKenzie professionals are  
4 at certain rates and we did not necessarily need  
5 Conway MacKenzie professionals to perform those  
6 duties, and so we were asked to help identify other

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7 resources that could be provided under our contract in  
8 those roles.

**Pg: 13 Ln: 9 - 17**

### **Designation:**

13: 9 Q. It's my understanding that the fixed fee, so to speak,  
10 that Conway MacKenzie can be paid has been expanded by  
11 the amendment to a little over \$19 million, is that  
12 correct?

13 A. That is the total cap, which includes the Impact  
14 amount, yes.

15 Q. So it's not incremental to that, the Impact  
16 subcontract is included within the \$19 million?

17 A. That's correct, Impact is included in the \$19 million.

**Pg: 14 Ln: 2 - 20**

### **Designation:**

14: 2 Q. Have you worked with them previously?

3 A. I have not worked with them previously, no.

4 Q. How did you come to form a relationship with them such  
5 that they're providing these subcontracting services?

6 A. There were two elements. First of all, Impact has  
7 provided resources in the past to a company that Mayor  
8 Bing was involved in, his own company, and then in  
9 addition to that, I know the owner of the company of

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10           Impact Staffing.

11    Q.   Who is that?

12    A.   His name is Peter Davis.

13    Q.   How many people from Impact are there working pursuant  
14           to the Impact subcontract?

15    A.   That changes, not necessarily on a weekly basis, but  
16           as needs change, resources are brought on, and then  
17           also as they complete tasks, they can be taken off.

18                   Right now, as of this day, I think there  
19           are about 10 to 12 Impact resources involved in the  
20           assignment.

**Pg: 14 Ln: 21 - Pg: 15 Ln: 7**

### **Designation:**

14:21   Q.   That's very helpful. Can you give me a sense of the  
22           low ebb and high tide of the Impact subcontractees  
23           over the last six months?

24    A.   I believe the high would have been perhaps 14 at one  
25           point in time. We have generally, since the ramp-up  
15: 1           occurred, meaning the original time that Impact  
2           resources were initially brought on, I don't think  
3           that we have necessarily been below nine perhaps.

4    Q.   Okay. The contract amendment that we were just  
5           talking about was dated June 1st, 2013, is that  
6           correct?

7    A.   Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 15 Ln: 22 - Pg: 16 Ln: 5

**Designation:**

15:22 question that I meant to ask. What I meant to say is  
23 when did the people that Impact sourced arrive on the  
24 field, so to speak, in terms of helping you perform  
25 services to the City?

16: 1 A. I believe the first resources started work right  
2 around the end of July.

3 Q. Okay. So it would have been as much as six weeks  
4 after Mr. Orr's proposal to creditors on June 14th.

5 A. Yes.

Pg: 16 Ln: 6 - 15

**Designation:**

16: 6 Q. So the work that was done pursuant to the professional  
7 services contract between its execution in January and  
8 the June 14th proposal, that work was all done by  
9 Conway MacKenzie, is that correct?

10 A. The work from our firm, yes, sir. There were no  
11 Impact resources involved in that.

12 Q. Very helpful. Okay. So you're obviously currently  
13 performing services pursuant to this professional  
14 service contract as amended, is that correct?

15 A. Yes.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

**Pg: 16 Ln: 21 - Pg: 17 Ln: 20**

**Designation:**

16:21 Q. Just to save time I'll tell you that the contract  
22 itself says that you'll provide services and that  
23 they're defined in Exhibit A and Exhibit A says what  
24 the services are, is that your recollection of how the  
25 contract works?

17: 1 A. Yes.

2 Q. And the scope of services did not change with the  
3 amendment as you understand it, correct?

4 A. Correct.

5 Q. And is Conway MacKenzie performing all of the services  
6 that are described in Exhibit A?

7 A. Yes.

8 Q. Do you see that on the first page of Exhibit A, which  
9 also has got the number three on it under the  
10 contract, do you see that down at the bottom?

11 A. Yes, sir.

12 Q. Do you see that it says that one of the things that  
13 you will do is that you will work collaboratively with  
14 City of Detroit, State of Michigan, and outside  
15 professionals to develop a detailed, comprehensive  
16 work plan, do you see that?

17 A. Yes.

18 Q. Did Conway MacKenzie do that?



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

19 A. Yes.

20 Q. Do you know when it completed that work plan?

**Pg: 17 Ln: 22 - 23**

### **Designation:**

17:22 A. The initial work plan that was established would have  
23 been completed in January of 2013.

**Pg: 17 Ln: 25 - Pg: 19 Ln: 2**

### **Designation:**

17:25 Q. You said initial, are you suggesting that it's  
18: 1 something that is constantly revised or has been  
2 revised since the initial one was completed?  
3 A. Yes, a work plan is essentially meant to identify  
4 tasks that need to be performed and manage those  
5 tasks, and so periodically we are providing updates to  
6 the City regarding upcoming tasks.  
7 Q. So is this one of those things where as tasks are  
8 completed, the completion of the tasks are noted, as  
9 additional tasks are added, they are added to the work  
10 plan and it's an organic living document?  
11 A. Yes.  
12 Q. How regularly is that updated?  
13 A. There's not a set frequency. Sometimes, and by the  
14 way, there may be multiple items that can be

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 considered a work plan. Our communications with the  
16 department regarding upcoming activities may take one  
17 form, our communications with say the emergency  
18 manager office may take another form. Generally  
19 speaking, every two to three weeks or so documents are  
20 updated.

21 Q. Is the work plan something that's available to  
22 creditors to your knowledge?

23 A. I'm not aware.

24 Q. Okay. Do you know whether you've ever been, have you  
25 ever been asked to produce it so that it could go into  
19: 1 the data room?

2 A. No.

**Pg: 19 Ln: 3 - 13**

### **Designation:**

19: 3 Q. Is the document structured by departments of the City  
4 of Detroit in the sense of organizing the tasks on  
5 which you are working or have worked?

6 A. The initial work plan that we developed was driven  
7 more towards the activities that would need to occur  
8 comprehensively, and related to those activities that  
9 were involved with coming up with the initial  
10 assessment of the various departments.

11 Since that time we generally update  
12 activities and communicate activities on a department

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 by department basis.

**Pg: 19 Ln: 14 - Pg: 20 Ln: 20**

### **Designation:**

- 19:14 Q. About how many departments are on the work plan?
- 15 A. There are, we typically, we prioritize departments, so  
16 depending on how you count the departments, there are  
17 approximately 35 departments in the City, and we tend  
18 to track anywhere from 10 to 15 as the high priority  
19 departments and track the activities in those  
20 departments.
- 21 Q. Does that mean that all 35 may be in the work plan but  
22 the 10 to 15 that you're tracking most actively may be  
23 at the front of the work plan?
- 24 A. Yes, sir, and we may exclude items, as an example, the  
25 Department of Administrative Hearings is a very small  
20: 1 department within the City. We have in the past  
2 documented some activities that have occurred;  
3 however, we tend not to really update that because  
4 there are very few activities occurring in that  
5 department right now.
- 6 Q. What are the 10 to 15 departments that are the ones  
7 that you referenced as being some of the most  
8 important?
- 9 A. I will go off the top of my head, but essentially you  
10 have the Police Department, Fire Department, Finance,

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 Building Safety Engineering and Environmental,  
12 sometimes called BC.  
13 Q. You have to call it BC I think.  
14 A. Planning and Development, Department of  
15 Transportation, Public Lighting, 36th District Court,  
16 Department of Public Works, Municipal Parking  
17 Department, and a couple other items that are not  
18 departments necessarily, but Human Resources and  
19 Blight. I may have left a few off but generally  
20 speaking those are the high priority items.

**Pg: 20 Ln: 21 - Pg: 21 Ln: 19**

### **Designation:**

20:21 Q. You did pretty well. You have 12. Let me suggest a  
22 couple that maybe are in there that got left off. Is  
23 there one for the Detroit Water and Sewage Department?  
24 A. Yes; however, the Water and Sewer Department is not  
25 necessarily a department per se. We view that as an  
21: 1 enterprise fund, but yes, you're correct, I did leave  
2 off Detroit water and sewer.  
3 Q. You're saying it's not a department of the City, it's  
4 an enterprise fund, but yes, it is one of the 10 or 15  
5 things that we are tracking as important.  
6 A. Yes, sir.  
7 Q. What about as another thing that's important,  
8 pensions, is that something that -- that you are

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9           working on at Conway MacKenzie?

10   A.    Yes, sir.

11   Q.    Pursuant to this contract that we're discussing.

12   A.    Yes.

13   Q.    Same question for OPEB.

14   A.    I have limited involvement as relates to OPEB. I have

15           more substantial involvement on the pension side.

16   Q.    Is there also a pension box as one of the 10 or 15

17           more important items that you are tracking?

18   A.    We do track that. We tend to track that separately as

19           a separate work stream.

**Pg: 21 Ln: 25 - Pg: 22 Ln: 18**

### **Designation:**

21:25                           How many Conway MacKenzie employees are

22: 1           devoting a material amount of time to providing

2           services under the contract? Let me tell you what I

3           mean by material.

4                           On restructuring matters at Kirkland &

5           Ellis there are people who are devoting a significant

6           amount of time on a regular basis to the

7           restructuring. There may be other professionals that

8           drop in for an hour or two to provide a certain level

9           of expertise, but if you ask them are you working on

10          this or that restructuring they would say not really,

11          I just did a modest amount.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12 I'm not worried about the people that check  
13 in for just a small period of time. I'm talking about  
14 the people at Conway MacKenzie who if I asked them are  
15 you working on the Detroit restructuring, they would  
16 say yes, I am. How many of those people are there?  
17 A. Okay. Thank you. I understand your description.  
18 It's approximately 12 to 13.

**Pg: 22 Ln: 19 - Pg: 24 Ln: 3**

### Designation:

22:19 Q. So I'm now going to take you through the various  
20 levels that the people operate at. I'm going to  
21 assume that you are the head of the engagement at  
22 Conway MacKenzie, is that correct?  
23 A. Yes, sir.  
24 Q. So I'm going to call you as level one.  
25 A. Okay.  
23: 1 Q. That means the most senior.  
2 A. Yes.  
3 Q. Is there anyone else that's up at level one with you?  
4 A. There are two people that provide input and strategy  
5 guidance with me and those two are Van Conway and Don  
6 MacKenzie. They are not included in the 12 to 13  
7 people that I mentioned based on your description of  
8 material involvement if you will.  
9 Q. I take it they're the founders of the firm, Conway

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 MacKenzie?

11 A. Yes.

12 Q. Is it fair to describe these two gentlemen as  
13 experienced individuals who are providing you their  
14 wisdom and insight as to how Conway MacKenzie should  
15 perform but who are not otherwise working day to day  
16 on the City's restructuring?

17 A. Certainly the first item that you mention; however,  
18 they are very active and have been very active their  
19 entire lives in the city, and so there are other items  
20 that they bring to bear on the engagement as well.

21 Q. Fair enough. Let's go down to level two now. Level  
22 two will be people that report directly to you.

23 A. Yes.

24 Q. How many Conway MacKenzie employees are at level two?

25 A. I believe that's six.

24: 1 Q. And who are the six?

2 A. Kevin Hand, Glenn Kushiner, Chris Gannon, Mike  
3 Hausman, Carl Sekely, and Todd Eddy.

**Pg: 24 Ln: 4 - 25**

### **Designation:**

24: 4 Q. Level three employees would be people that report to  
5 level two employees in my little scheme here of trying  
6 to organize the levels.

7 A. Yes, sir.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 8 Q. How many level three employees are there?
- 9 A. I believe that's two.
- 10 Q. And who are they?
- 11 A. Jeff Addison and Doug Reich.
- 12 Q. By my tally we've got nine people that we've
- 13 identified.
- 14 A. Yes.
- 15 Q. Is there anyone that would operate at what we could
- 16 call level four, which are people that report to level
- 17 three?
- 18 A. Yes.
- 19 Q. Who is at the level four?
- 20 A. There are four. Emily Petrovski, Danielle Iafrate,
- 21 Mike Walsh, and Wade Johnston.
- 22 Q. Have we covered all of the folks at Conway MacKenzie
- 23 that are spending a material amount of time on the
- 24 City of Detroit restructuring?
- 25 A. Yes, sir.

**Pg: 25 Ln: 1 - 19**

### **Designation:**

- 25: 1 Q. I want to ask you the same question but about a
- 2 different period of time now. So I want to ask you
- 3 what Conway MacKenzie employees were devoting material
- 4 amounts of time to performing services under the
- 5 contract between the date of the contract's execution



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 6 and June 14th, 2013.
- 7 A. Yes, sir. Of the people that are listed, that would  
8 have been myself along with Kevin Hand, Glenn  
9 Kushiner, Chris Gannon, Emily Petrovski, and Danielle  
10 Iafrate.
- 11 Q. That tallied six people if I got it correct.
- 12 A. Yes, sir.
- 13 Q. Is it a fair characterization to say that in the  
14 initial stage of its contract, Conway MacKenzie had a  
15 team of six people working to develop a restructuring  
16 plan and it is now significantly -- it has now  
17 expanded that team to 13 to help implement that  
18 restructuring plan?
- 19 A. I think that's a fair statement.

**Pg: 25 Ln: 20 - Pg: 27 Ln: 25**

### Designation:

- 25:20 Q. Let me ask you this, just some specific questions  
21 about the six folks who are working between January  
22 and June if I could. Mr. Hand, how old is Mr. Hand?
- 23 A. 42.
- 24 Q. What is his position at Conway MacKenzie?
- 25 A. Managing director.
- 26: 1 Q. What does it mean to be an MD at Conway MacKenzie?  
2 And what I mean by that is titles mean different  
3 things at different firms. For example, my firm has

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

4 equity partners and non-equity partners, and it has  
5 associates; so you could hierarchize them that way.

6 Can you tell me where a managing director  
7 fits into the hierarchy at Conway MacKenzie?

8 MR. HAMILTON: Object to form.

9 You can answer.

10 A. A managing director has significant experience in the  
11 restructuring industry and has led engagements, has  
12 the ability to essentially develop comprehensive  
13 restructuring plans.

14 BY MR. HACKNEY:

15 Q. Okay. He's someone who could sit first chair, so to  
16 speak, on a restructuring matter if need be?

17 A. Yes, sir.

18 Q. Is the only higher position than managing director at  
19 Conway MacKenzie principal?

20 A. Senior managing director is the other title that we  
21 have. That's what I am. We don't have the title of  
22 principal.

23 Q. How long has Mr. Hand been at Conway MacKenzie?

24 A. Since 2001.

25 Q. Let's talk about Mr. Kushiner if we could, how old is  
27: 1 Mr. Kushiner?

2 A. I believe he is 38.

3 Q. What's his position?

4 A. Managing director.

5 Q. And how long has he been with Conway MacKenzie?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 6 A. Since 2001.
- 7 Q. How old is Chris Gannon?
- 8 A. 41.
- 9 Q. Is he also a managing director?
- 10 A. Yes.
- 11 Q. And how long has he been with Conway MacKenzie?
- 12 A. I believe 2007.
- 13 Q. How old is Emily Petrovski?
- 14 A. She is 34.
- 15 Q. What's her title?
- 16 A. Senior associate.
- 17 Q. How long has she been there?
- 18 A. I believe 2003 or 2004.
- 19 Q. And Ms. Iafrate, how old is Ms. Iafrate?
- 20 A. I believe she is 26 or 27.
- 21 Q. What's her title?
- 22 A. Senior associate.
- 23 Q. And do you know how long she's been at Conway
- 24 MacKenzie?
- 25 A. Since 2012.

**Pg: 28 Ln: 1 - Pg: 30 Ln: 4**

### **Designation:**

- 28: 1 Q. Mr. Moore, prior to this case you had never been
- 2 retained by a Chapter 9 debtor before, is that
- 3 correct?

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

- 4 A. Not by a Chapter 9 debtor, correct.
- 5 Q. And Conway MacKenzie had never been retained by a  
6 Chapter 9 debtor either to your knowledge, isn't that  
7 also correct?
- 8 A. To the best of my knowledge that's correct.
- 9 Q. Prior to this case you had never personally worked on  
10 restructuring a police department before, had you,  
11 sir?
- 12 A. That's correct.
- 13 Q. And to the best of your knowledge, neither had Conway  
14 MacKenzie, correct?
- 15 A. To the best of my knowledge, correct.
- 16 Q. And to the best of my knowledge, Mr. Hand,  
17 Mr. Kushiner, Mr. Gannon, Ms. Petrovski and  
18 Ms. Iafrate had never worked on restructuring a police  
19 department before either, is that correct?
- 20 A. That's my understanding.
- 21 Q. Now, prior to this case you had never personally  
22 worked on an assignment that required to restructure  
23 the operations of a fire department either, isn't that  
24 correct?
- 25 A. Correct.
- 29: 1 Q. And that's also correct for the five individuals I  
2 just described to the best of your knowledge.
- 3 A. I believe that's correct.
- 4 Q. And it's also true with respect to Conway MacKenzie to  
5 the best of your knowledge.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 6 A. To the best of my knowledge, yes.
- 7 Q. Prior to this case you had never been tasked with  
8 formulating a blight remediation plan, isn't that  
9 correct, Mr. Moore?
- 10 A. That's correct.
- 11 Q. Nor had Conway MacKenzie, correct?
- 12 A. To the best of my knowledge, yes.
- 13 Q. And nor to the best of your knowledge had any of the  
14 five individuals I just ticked off in connection with  
15 the police department question, isn't that correct?
- 16 A. That's correct.
- 17 Q. Is it correct to say, Mr. Moore, that Conway MacKenzie  
18 started working in earnest on the scope of work  
19 described in Exhibit A around the time that its  
20 contract was executed with the City?
- 21 A. Yes, that would have been January of 2013.
- 22 Q. I know that prior to that time you had been doing some  
23 pro bono work with respect to cashiering exercises, is  
24 that correct?
- 25 A. Yes, sir.
- 30: 1 Q. But when it came in earnest to performing the services  
2 in this contract, that began sometime in January of  
3 2013, correct?
- 4 A. Yes.

**Pg: 30 Ln: 5 - 13**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

**Designation:**

30: 5 Q. Do you remember the day that you began? I can tell  
6 you when the contract was signed --  
7 A. The contract was signed I believe January 9th. The  
8 contract was January 9th, and I believe that we would  
9 have begun onsite work within one week of that,  
10 perhaps within a few days.  
11 Q. So as soon as January 11th you may have been at it for  
12 the City of Detroit.  
13 A. Yes.

**Pg: 30 Ln: 14 - 17**

**Designation:**

30:14 Q. I'm going to focus these questions now on the period  
15 between January 11th and the June 14th proposal to  
16 creditors, if I can, so bear that time frame in mind  
17 when I'm asking you these questions.

**Pg: 30 Ln: 18 - 20**

**Designation:**

30:18 What individuals outside of Conway  
19 MacKenzie did you rely upon in performing your work  
20 during that time period?

**Pg: 30 Ln: 23 - Pg: 31 Ln: 1**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

30:23 A. First of all, we worked very closely with people that  
24 are employees of the City, and there are a whole host  
25 of employees that we interacted with as we conducted  
31: 1 our work.

**Pg: 31 Ln: 3 - Pg: 32 Ln: 4**

### Designation:

31: 3 Q. Anyone else?  
4 A. There are other outside advisors that we worked with.  
5 Just to name a few of the firms, the Manhattan  
6 Institute was a police-specific expert that was  
7 engaged by the Detroit Police Department that we  
8 interacted with.  
9 Plante Moran had been engaged in a variety  
10 of activities related to the Finance Department.  
11 Ernst & Young had been performing a variety of  
12 financial activities for the City for a while,  
13 certainly Miller Buckfire as the investment banker,  
14 essentially Jones Day was involved, we interacted with  
15 Miller Canfield as counsel.  
16 There may have been other outside advisors  
17 as well but those would have been the primary other  
18 advisors that we would have interacted with.  
19 Q. One that comes to mind is Milliman?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 A. Yes, sir.

21 Q. Is that one that you worked with?

22 A. Yes.

23 Q. I know there are, I think there are PR firms and there

24 are a number of consulting firms, I've seen all the

25 contracts on the website, have you been able to give

32: 1 me the material firms that you spent a material amount

2 of time working with during that time period I

3 identified earlier?

4 A. I believe that's the complete list, yes.

**Pg: 32 Ln: 5 - Pg: 33 Ln: 2**

### **Designation:**

32: 5 Q. Can you give me a sense of how many City employees

6 Conway MacKenzie interacted with between January and

7 June, the January and June time frame I identified

8 earlier?

9 A. This would be a very rough estimate, somewhere between

10 50 and a hundred.

11 Q. Am I correct that you talked to the heads of the

12 departments or enterprise funds that we described

13 earlier as important as part of performing your work?

14 A. Certainly they would have been included in that group

15 of people.

16 Q. When you referenced the Manhattan Institute, the

17 police expert, do you know when they were retained?



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 A. I don't know.

19 Q. Were they already on the site, onsite when you were  
20 retained?

21 A. Yes.

22 Q. They were there before you?

23 A. Yes.

24 Q. And when did you start interacting with them?

25 A. I don't know what the specific date would have been.

33: 1 It would have been somewhere between January and  
2 April.

**Pg: 33 Ln: 3 - Pg: 34 Ln: 5**

### Designation:

33: 3 Q. Okay. And tell me what the -- tell me how your two  
4 firms worked together.

5 A. Sure. Conway MacKenzie is tasked with preparing a  
6 comprehensive restructuring plan, operational  
7 restructuring plan, police is obviously a very  
8 important department of the City.

9 As you have pointed out, Conway MacKenzie  
10 does not have resident policing expertise within our  
11 firm; however, a significant amount of the activities  
12 that, and deficiencies, if you will, that were  
13 identified with the department relate to  
14 organizational effectiveness.

15 And so Conway MacKenzie would have

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16           interacted with Manhattan Institute. Where Manhattan  
17           Institute has very specific policing and policy type  
18           of expertise, Conway MacKenzie brings the  
19           organizational expertise, and together we jointly  
20           prepared a comprehensive restructuring plan for the  
21           department.

22    Q.    In terms of actual day-to-day work, were the Manhattan  
23           Institute people attending interviews and onsite in  
24           the Detroit Police Department with the Conway  
25           MacKenzie people?

34: 1   A.    In the initial time period that you mention, that  
2           interaction was more limited, then around June or  
3           thereabouts there was a new contract with the  
4           Manhattan Institute and the Bratton Group together  
5           where that interaction became very, very frequent.

**Pg: 35 Ln: 2 - Pg: 36 Ln: 9**

### **Designation:**

35: 2   Q.    Can you give me a sense, if you know, of about the  
3           approximate amount of time spent by Conway MacKenzie  
4           with the Manhattan Institute?

5    A.    I don't know.

6    Q.    Do you know if it's in the hundreds of hours or is it  
7           materially more or less than that?

8    A.    I couldn't even hazard a guess.

9    Q.    They were working under a contract during that January

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

10 to June time period, is that correct?

11 A. Yes.

12 Q. Do you remember the amount of their contract?

13 A. I don't know.

14 Q. Do you know the amount of their contract after it was  
15 renegotiated in June?

16 A. I think it was somewhere between 500,000 and 750,000  
17 if I recall correctly, but I don't have the precise  
18 number, so that is a -- a rough guess.

19 Q. Is it your understanding that that represented an  
20 increase in the amount that they would be paid as  
21 compared to the prior contract?

22 A. I don't know.

23 Q. Between January and June did Conway MacKenzie liaise  
24 with a fire expert that's similar to the Manhattan  
25 Institute as a police expert?

36: 1 A. Possibly.

2 Q. Did you?

3 A. I myself did not.

4 Q. To your knowledge did anyone at Conway MacKenzie do  
5 so?

6 A. That's where I'm not sure. Eventually the City  
7 engaged a fire expert similar to Bratton and Manhattan  
8 on the police side. That occurred after the time  
9 period, after June 14th.

**Pg: 36 Ln: 10 - Pg: 38 Ln: 14**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

36:10 Q. In fact, didn't that just occur in October?

11 A. I believe that's correct, October of this year, yes.

12 Q. Did Conway MacKenzie liaise with a blight remediation  
13 expert during that January to June 2013 time period?

14 A. Conway MacKenzie interacted with a number of people  
15 that had been involved in blight remediation  
16 activities, yes.

17 Q. Were they people that had been formally retained by  
18 the City to provide services?

19 A. In some instances those were City employees. In other  
20 instances they were outside groups that were  
21 undertaking blight removal efforts.

22 Q. And those are outside groups that are local in the  
23 city of Detroit?

24 A. Yes. I did interact with some resources that were  
25 involved with those groups that actually came from  
37: 1 outside of the city but through those groups.

2 Q. I guess what I mean to say is, did you ever, did  
3 Conway MacKenzie ever liaise with a blight remediation  
4 expert that is similar to the Manhattan Institute as  
5 an expert on police departments?

6 A. I would say yes, there were a variety of parties that  
7 we interacted with that have substantial experience  
8 with blight remediation.

9 Q. And do they do so for hire?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 A. Yes.

11 Q. And who are they?

12 A. Well, as I indicated, first we interacted with City  
13 employees that were involved with blight remediation  
14 efforts, and there are a variety of employees.

15 The City has been undergoing some level of  
16 blight remediation for quite some time, and so  
17 certainly the employees that were involved in those  
18 activities primarily through the Planning Department,  
19 as well as a few of the other supporting departments,  
20 we had discussions with those people.

21 In addition to that we had discussions with  
22 people at the State of Michigan level that were  
23 involved in efforts to try to bring blight aid and  
24 remediation efforts to a number of cities in the state  
25 of Michigan, and those people had experience with  
38: 1 hiring contractors and executing on blight remediation  
2 work.

3 In addition to that there is what is  
4 referred to as the Blight Authority, which is a local  
5 nonprofit that was set up in 2012, and undertook two  
6 projects, one near the Eastern Market area, and one in  
7 the Brightmoor area, and so we certainly had a number  
8 of interactions with the Blight Authority.

9 And then there were other parties, local  
10 parties, that were involved with blight remediation,  
11 John Hantz, but I believe that that interaction

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12            probably occurred after June 14th.

13    Q.    Okay.

14    A.    And there may have been others as well.

**Pg: 38 Ln: 19 - 24**

### **Designation:**

38:19                            Were there any other firms that are like  
20            the Manhattan Institute with which Conway MacKenzie  
21            interacted in order to obtain department-specific  
22            advice about how you might restructure that department  
23            or that enterprise fund as the case may be?  
24    A.    Yes.

**Pg: 39 Ln: 3 - 5**

### **Designation:**

39: 3    Q.    Who else?  
4        A.    Parsons Brinckerhoff. I believe that's spelled  
5            B-R-I-N-C-K-E-R-H-O-F-F.

**Pg: 39 Ln: 12 - Pg: 40 Ln: 14**

### **Designation:**

39:12    Q.    Any other firms?  
13        A.    There were outside individuals involved related to the  
14            Lighting Department. I can't recall a specific firm

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 name, but individuals that were involved with helping  
16 run the department, Public Lighting Department.

17 Q. Anyone else?

18 A. On the parking side there are a couple of outside  
19 firms that the City uses, Pierce Monroe & Associates  
20 and Duncan Systems.

21 Q. Anyone else?

22 A. On the Human Resources side there were a variety of  
23 parties that were involved with the City. One party  
24 that I believe that we would have been speaking to  
25 back during the relevant time period that you  
40: 1 mentioned, January through June 14th, company by the  
2 name of Fox Lawson, that's not the official legal  
3 entity name but that's what they go by. Fox Lawson  
4 would have been involved, outside staffing agencies  
5 that had done work for the City in the past, a quasi  
6 governmental unit of the city, Detroit Economic Growth  
7 Corporation, related to Planning Department.

8 There was a firm that was doing work  
9 related to the 36th District Court operation  
10 underneath S-C-A-O, which stands for State Court  
11 Administrator's Office. I can't recall the name of  
12 that firm right now.

13 That is what I recall off the top of my  
14 mind.

**Pg: 40 Ln: 20 - 25**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

40:20                   The question is, were there any subject  
21                   matter experts from whom you sought advice that were  
22                   not operating under any sort of formal or informal  
23                   arrangement with the City?  
24    A.    That may have been the case, I just don't recall off  
25                   hand.

**Pg: 41 Ln: 1 - 9**

### Designation:

41: 1    Q.    Have you ever heard the phrase "drinking from a fire  
2                   hose"?  
3    A.    Yes, sir.  
4    Q.    So when I use the phrase, I use it to mean attempting  
5                   to comprehend and assimilate a massive amount of  
6                   information in a short period of time.  Would you  
7                   agree that Conway MacKenzie was drinking from a fire  
8                   hose when it began its restructuring services with the  
9                   City of Detroit in January of 2013?

**Pg: 41 Ln: 12**

### Designation:

41:12    A.    I think that's a fair statement.



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 42 Ln: 1 - 19

### Designation:

42: 1 Q. So you had a broad task of trying to understand how to  
2 make the City operate more efficiently and effectively  
3 and you have attempted to deliver on that task by  
4 advertising Mr. Orr with respect to the restructuring  
5 and reinvestment initiatives, is that a fair  
6 statement?

7 A. Yes.

8 Q. And you developed a plan for the restructuring and  
9 reinvestment initiatives, isn't that correct?

10 A. Yes.

11 Q. And it took you approximately 90 days to create that  
12 plan, is that correct?

13 A. That's approximately right. We, from the time that we  
14 began, let's call it mid-January, the initial work  
15 plan that we established was for us to have a  
16 comprehensive view across departments within 90 to a  
17 hundred days, and then to meet with the departments to  
18 go through our findings and the result is what was put  
19 into the June 14th proposal.

Pg: 43 Ln: 2 - Pg: 44 Ln: 20

### Designation:

43: 2 Q. Tell me what process, what methodological process

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 Conway MacKenzie employed so that it could get to the  
4 point where it could advise Mr. Orr on what  
5 restructuring and reinvestment initiatives it thought  
6 the City should undertake and how much they would  
7 cost.

8 A. Okay. This will be a, somewhat of a broad overview,  
9 and I may leave some activities out, but our first  
10 activity, and this follows a typical approach that we  
11 would use on our engagements, is to get our arms  
12 around baseline information as quickly as possible,  
13 and that in this instance included, number one,  
14 obtaining and reviewing all previous assessments and  
15 studies and analyses that had been performed on  
16 departments.

17 Secondly, we had to obtain and validate  
18 how -- information on how the departments were  
19 operating at that point, and so that included looking  
20 at a number of operational metrics, trying to obtain  
21 information that could be used to assess how the  
22 department was operating, as well as financial  
23 information.

24 In addition to that, we prioritized where  
25 we felt the biggest issues existed and where the most  
44: 1 significant impacts could be felt from restructuring.  
2 We worked on trying to establish a vision for how a  
3 department should operate and then identify what  
4 needed to happen in order to take the department from

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 its current state to that vision.

6 Q. And was that the last step, the one that involved  
7 creating the restructuring and reinvestment  
8 initiatives?

9 A. Yes. And so specifically in that regard we worked  
10 very closely with City employees, as well as a number  
11 of the other outsiders from mid-January until the end  
12 of April.

13 During the month of May then we did  
14 comprehensive reviews of the highest priority  
15 departments with City employees to show them all of  
16 the various initiatives that had been identified and  
17 we refined that based on an iterative process with the  
18 City, as well as outsiders, and the results that we  
19 ended up with was the restructuring and reinvestment  
20 plan that was included in the June 14th proposal.

**Pg: 44 Ln: 25 - Pg: 46 Ln: 12**

### **Designation:**

44:25 Q. I think I may have misunderstood that 90-day answer,  
45: 1 because I had thought that after the end of the 90  
2 days that you had the restructuring and reinvestment  
3 initiatives recommendation in hand such that it could  
4 be made to Mr. Orr. I understand it might be reviewed  
5 and considered by other people, but I thought that you  
6 had driven your process to that point in 90 days, is

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7           that wrong?

8    A.    Let me clarify.  At the basically May 1st time period  
9           we had restructuring initiatives that could be  
10          reviewed with a variety of people at the City, so  
11          these were our recommendations, which did get  
12          included, or did get reviewed with Mr. Orr, as well as  
13          a variety of others, but they were refined, as we  
14          reviewed these, we obtained input and feedback from  
15          people within the City, and we then finalized what was  
16          included in the creditor proposal.

17   Q.    Let me distinguish two concepts and make sure I  
18          understand what went into that comprehensive review  
19          that you did by May 1st.  There's one concept which is  
20          you could say we need to buy more Tasers, buy more  
21          bullet proof vests, improve facilities for the Police  
22          Department; another concept is sizing how much that  
23          might cost; had both those things been done subject to  
24          refinement, but had both the qualitative tasks and the  
25          estimated costs been done at the time of the May 1st  
46: 1       comprehensive review?

2    A.    Yes.

3    Q.    Were the numbers subsequently refined between May 1st  
4           and June 14th?

5    A.    Yes.

6    Q.    Did you have a document that you put together that  
7           people could actually read as you were doing these  
8           reviews with the different departments?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 9 A. Yes.
- 10 Q. Do you know if that document's been made available to
- 11 the creditors in this case?
- 12 A. I don't know.

**Pg: 47 Ln: 16 - Pg: 48 Ln: 14**

### Designation:

- 47:16 Q. Tell me a little bit about how Conway MacKenzie
- 17 generates work product. Does it operate by E-mail or
- 18 does it write memoranda or write PowerPoints or do all
- 19 of the above in connection with this process that
- 20 we're discussing?
- 21 A. All of the above, depending on the situation.
- 22 Q. How did you present the comprehensive review on May 1
- 23 if it was not mainly by PowerPoint?
- 24 A. The reviews began around May 1st, I believe whatever
- 25 the first Monday in May I believe is when we began
- 48: 1 that process. We would typically have a couple of
- 2 documents that would get reviewed with department
- 3 individuals and anyone else that would have been
- 4 involved in a particular department, and the documents
- 5 that would get reviewed would include Word documents
- 6 that had summaries of items, as well as Excel
- 7 spreadsheets showing projections and the financial
- 8 impact of various restructuring initiatives.
- 9 Q. I'm not sure that I understood -- I think I got five

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 different steps when you were giving me sort of the  
11 broad work flow, which was very helpful by the way. I  
12 didn't get to write them down all verbatim but I'm  
13 going to try to give them back to you as I understood  
14 them.

**Pg: 48 Ln: 18 - Pg: 50 Ln: 10**

### Designation:

48:18 Q. The first step was get Conway MacKenzie's arms around  
19 baseline information, the second step I understood was  
20 obtain and validate information relating to the  
21 departments.

22 I'm going to ask you, I didn't quite follow  
23 the distinction between those two steps. I don't  
24 think I said it quite right there.

25 A. Correct, that was not correct the way you stated it.  
49: 1 Step one was to, first of all, obtain all of the  
2 information that existed at that point regarding the  
3 department, and as an example, in the past there have  
4 been a variety of analyses that have been conducted by  
5 outside consultants on issues that may exist within a  
6 department. And so we wanted to make sure that we  
7 obtain and reviewed all information that existed  
8 relative to how a particular department was operating.

9 The second item, which is really I think  
10 what you were getting at when you said the first item,

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11           was we needed to establish how the department was  
12           operating at that point, and that included obtaining  
13           operational information, as well as financial  
14           information.

15   Q.   Okay.

16   A.   From the department itself.

17   Q.   Okay. I understand that better I think. Let me  
18           restate it to you and see if the way I restate it is  
19           accurate.

20                   The first stage was to understand, was to  
21           understand what I will call meta information about  
22           departments, which was analyses that had already been  
23           done about what could be done to the departments to  
24           make them work better.

25   A.   Yes.

50: 1   Q.   The second stage was to actually understand from the  
2           departments themselves how they were actually  
3           performing the services that they're supposed to  
4           render presently.

5   A.   Yes.

6   Q.   Can you give me a sense of how many reports there were  
7           that you reviewed in that first stage? I've heard  
8           about some like I think McKinsey was a consultant that  
9           was retained, maybe we can start with a general sense  
10          of how many of them are out there.

**Pg: 50 Ln: 14 - Pg: 53 Ln: 9**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

50:14 Q. Well, that's a fair question. Your declaration I  
15 think is based in part on your own personal knowledge  
16 but I think it's also based on knowledge that's known  
17 to other people.

18 So when I ask you what did Conway MacKenzie  
19 do, I mean either what did you do personally or what  
20 did other people tell you they had done. Okay?

21 So why don't I simplify it for this purpose  
22 and say to your knowledge how many of these reports  
23 are out there that go into that step one process that  
24 we were just talking about?

25 A. Very difficult to estimate. It was a lot. Just the  
51: 1 McKinsey reports alone were significant. A rough  
2 guess of reports that our firm would have reviewed,  
3 maybe 40, 40 to 50.

4 Q. And we're talking about sizeable reports in their own  
5 right, correct?

6 A. They varied. Some were pretty substantial, some were  
7 shorter, and that's a rough estimate.

8 Q. How long did it take for Conway MacKenzie to complete  
9 what we're calling stage one of the broad work flow  
10 that you described?

11 A. These steps that I indicated were not necessarily  
12 sequential. There is a lot of overlap that takes  
13 place; so we were, I like to characterize that first



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 step as leveraging what information already exists,  
15 and we may have gotten started with certain  
16 departments in terms of that step two right away and  
17 then for subsequent departments looked at some of  
18 these reports that, the meta data as you say  
19 subsequent to that. So there was not a specific end  
20 date for that first step.

21 Q. Fair enough. It wasn't like you all went into  
22 conference rooms and read all the reports first. You  
23 said I know I'm going to need performance data, so  
24 let's you go start getting that, at some point I want  
25 you to read what's been previously been done and they  
52: 1 moved in parallel in some circumstances.

2 A. That's right. And in many instances we go back and  
3 rereview these reports again, because after you have a  
4 chance to interview a number of people it can shed, or  
5 cast a different light on some of the topics in those  
6 reports.

7 Q. Okay. That's very helpful. Thank you for clarifying  
8 my misunderstanding between one and two. I think it  
9 relates to my poor note taking skills.

10 Now, stage three I think I did get right,  
11 which was, stage three was identify and prioritize the  
12 most significant issues. Do you remember that  
13 testimony?

14 A. Yes.

15 Q. It is fair, isn't it, to say that at least with

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16           respect to any one department you needed to complete  
17           stages one and two with respect to that department  
18           before you would be in a position to identify and  
19           prioritize the most significant issues, fair  
20           statement?

21    A.    Again, I would say it was more of an iterative  
22           process.  There -- the City has extremely poor  
23           systems, so this is not a situation where you can  
24           request operational information and have someone  
25           provide that to you in a day or even a week.

53: 1                            So what we would do is we would obtain the  
2           information that we could, review that, assess  
3           priorities and key issues, but in the meantime there  
4           typically would be a lot of information that would not  
5           be readily available that we would have to try to get  
6           in other ways.

7                            And as we would get additional information,  
8           we might reassess priorities; so again, an iterative  
9           process.

**Pg: 53 Ln: 10 - Pg: 54 Ln: 2**

### **Designation:**

53:10   Q.    Let me see if I can restate that so I understand it.  
11           You may have had to, while the process of obtaining  
12           information about a department's performance may have  
13           continued even after you reached the point of

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 identifying and prioritizing the most significant  
15 issues in any department, you did have to have at  
16 least some sense of how that department was actually  
17 performing prior to identifying the priorities?

18 A. Yes.

19 Q. That's a fair statement?

20 A. Yes.

21 Q. Now, step -- stage four that I wrote down was you have  
22 to establish a vision for each department, in an  
23 aggregate, the City, correct?

24 A. Yes.

25 Q. And then stage five is identify what needed to be done  
54: 1 to achieve that vision.

2 A. Yes.

**Pg: 54 Ln: 3 - Pg: 55 Ln: 3**

### Designation:

54: 3 Q. Let's try and go at this the other way, which is can  
4 you tell me when you began stage five, which is  
5 identifying what needed to be done to achieve the  
6 vision that you had articulated to the City?

7 A. Again, it's difficult to think about this as a  
8 sequential set of activities. There were items that  
9 after step one, when you review multiple reports and  
10 you see the same things over and over and over, in  
11 some instances you know pretty quickly what some of

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12 the items are that need to happen to fix whatever the  
13 issue is that exists today.

14 So as it relates to identifying  
15 restructuring initiatives, some of those had been  
16 identified multiple times in the past and for whatever  
17 reason had not been implemented, and typically the  
18 situation, the issue would still exist and perhaps in  
19 many instances have gotten worse.

20 Q. Fair enough. So what you're saying is you're going  
21 through this process, it's intrinsic that you start  
22 having ideas about what the City may need to do to  
23 improve itself.

24 A. Yes.

25 Q. It's not like you get all the information first and  
55: 1 then then think about what the City may need to do.  
2 You're having ideas on that subject as you go along.

3 A. Yes.

**Pg: 55 Ln: 4 - Pg: 56 Ln: 10**

### Designation:

55: 4 Q. Let me ask it about establishing a vision though. Was  
5 that, that was stage four, which is establish a vision  
6 for what the departments in the City needed to do.

7 A. Yes.

8 Q. When did you start that process?

9 A. That would have been essentially as we started to

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 interview people within the departments,  
11 understanding, and doing a lot of other research as  
12 well, understanding how relevant comparables looked.

13 As an example, if this function in a  
14 different municipality is operating a certain way,  
15 using that to determine is that a good benchmark, and  
16 so through research, as well as the interviews with  
17 the department individuals, that process was going on  
18 during that 90 to 100-day period.

19 Q. That's helpful, because let me see if I understand  
20 what you're saying. What you're saying is, after you  
21 learn about, a lot about how the City of Detroit is  
22 currently operating via its departments, as well as  
23 how various individuals, including Conway MacKenzie,  
24 think that could be improved, you need to come up with  
25 a benchmark that establishes what level of improvement  
56: 1 you ought to try to achieve.

2 A. Yes.

3 Q. That's what you mean by establish a vision.

4 A. Yes.

5 Q. Okay. That's very helpful. In the course of  
6 performing the activities that fall under the broad  
7 five-stage process that you described, Conway  
8 MacKenzie looked at pretty much every area of the  
9 City's operations, isn't that correct?

10 A. Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 56 Ln: 11 - Pg: 58 Ln: 15

### Designation:

56:11 Q. Now, I know that you were working with other people,  
12 subject matter experts and so forth, but do you agree  
13 that Conway MacKenzie itself in order to render its  
14 advisory services to the City had to make sure that it  
15 understood the issues facing each of the departments  
16 it was reviewing?

17 A. Yes.

18 Q. So for example had to restructure the Fire Department,  
19 correct?

20 A. Yes.

21 Q. That meant had to understand the problems facing the  
22 Fire Department, right?

23 A. Yes.

24 Q. Had to talk to firefighters, right?

25 A. Yes.

57: 1 Q. Had to review reports on firefighter effectiveness,  
2 right?

3 A. Yes.

4 Q. On a host of different metrics?

5 A. Yes.

6 Q. Had to understand how blight affected fire operations,  
7 right?

8 A. Yes.

9 Q. Had to assess the vehicles in the fleet and the

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

10 maintenance schedules, correct?

11 A. Yes.

12 Q. Had to evaluate the number of uniforms versus  
13 civilians that were manning positions in the Fire  
14 Department, correct?

15 A. Yes.

16 Q. And it had to come up ultimately with recommendations  
17 aimed at dramatically improving the Fire Department's  
18 effectiveness, correct?

19 A. Yes.

20 Q. And it had to do all of those things as well with  
21 respect to the Police Department too, right?

22 A. Yes.

23 Q. It also had to study the problem of blight in the city  
24 of Detroit, right?

25 A. Yes.

58: 1 Q. That's a massive problem, isn't it?

2 A. Yes.

3 Q. It had to study the assessor's office, correct?

4 A. Yes.

5 Q. Had to understand how the City conducts valuations and  
6 the accuracy of those valuations, correct?

7 A. Yes.

8 Q. Had to assess the City's collection of real estate  
9 taxes, right?

10 A. Yes.

11 Q. Had to assess the City's collection of income taxes?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12 A. Yes.

13 Q. Had to assess the Detroit Department of  
14 Transportation?

15 A. Yes.

**Pg: 58 Ln: 16 - Pg: 59 Ln: 2**

### Designation:

58:16 Q. Had to understand how DDOT subsidies work?

17 A. A subsidy is by its nature whatever the department is  
18 operating at with a deficit.

19 Q. It had to understand what the subsidies were and what  
20 they could be used for, correct?

21 A. There's not a -- a subsidy is more, when you're  
22 talking about DDOT, whatever the deficit is for the  
23 department, that is the subsidy. There is not a  
24 specific amount given in the form of a subsidy that is  
25 used for specific purposes.

59: 1 Q. I see. It's the deficit is the subsidy.

2 A. Yes, sir.

**Pg: 59 Ln: 5 - Pg: 60 Ln: 14**

### Designation:

59: 5 Q. I thought DDOT got subsidies perhaps from other  
6 agencies though outside of the city of Detroit, is  
7 that wrong?



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

8 A. You may be referring to more grants.

9 Q. That could be a better word for it.

10 A. Yeah. DDOT certainly receives a number of grants,  
11 including from federal sources. The subsidy as it  
12 relates to DDOT is, as I mentioned, the deficit which  
13 the general fund of the City has to cover.

14 Q. That's very helpful. Okay. Thank you for explaining  
15 to that me. Maybe I can ask the question better now  
16 that I inside what I'm talking about.

17 As part of the DDOT review, you had to  
18 understand the existence of state or federal grants,  
19 what they were, how much they were and how they could  
20 be used, correct?

21 A. Yes.

22 Q. You also had to understand what the subsidy was  
23 presently from the City of Detroit and what it was  
24 forecasted to be in the future, correct?

25 A. Yes.

60: 1 Q. You also had to understand, for example, how DDOT,  
2 what DDOT's fares were and whether increases would  
3 generate revenue, correct?

4 A. Yes.

5 Q. You also had to understand the labor policies in the  
6 City of Detroit, correct?

7 A. Yes.

8 Q. And understand all of its collective bargaining  
9 agreements, right?

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

- 10 A. Yes.
- 11 Q. How many does it have?
- 12 A. Approximately 46.
- 13 Q. So a lot.
- 14 A. Yes.

**Pg: 60 Ln: 15 - Pg: 61 Ln: 3**

**Designation:**

- 60:15 Q. Okay. And how many unions are there?
- 16 A. I don't know how many specific unions there are,  
17 because there are some locals that essentially are  
18 handled together for negotiations.
- 19 Q. You had to understand how the collective bargaining  
20 agreements might be impacting the delivery of services  
21 in the city of Detroit, correct?
- 22 A. Yes.
- 23 Q. That's with respect to all 46 of those CBAs, right?
- 24 A. Yes, and I would just point out, recall that we did  
25 prioritize activities, so we would not necessarily  
61: 1 spend time on a collective bargaining agreement that  
2 involved five people, versus one that may have  
3 involved 3,000 people.

**Pg: 61 Ln: 18 - 24**

**Designation:**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

61:18 Q. Fair to say that you would have tried to understand  
19 the important ones?  
20 A. Yes, sir.  
21 Q. And try to understand the important ones and their  
22 impact on the delivery of services by the unions that  
23 operated underneath them?  
24 A. Yes, sir.

**Pg: 61 Ln: 25 - Pg: 62 Ln: 2**

**Designation:**

61:25 Q. And about how many of the 46 would you fairly  
62: 1 characterize as important?  
2 A. How do you define important?

**Pg: 62 Ln: 5 - 19**

**Designation:**

62: 5 Q. Let's say important can be measured either by  
6 reference to governing a lot of people or relating to  
7 a particularly important area of the City's  
8 performance.  
9 A. Within the Police Department there are three primary  
10 collective bargaining agreements between the DPOA,  
11 DPLSA, and DPCOA, and then within fire you have the  
12 DFFA. Between those two you're talking about 3500 to  
13 4,000 employees. On DDOT, I think you have

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 approximately 900 employees. Those items alone  
15 represent about half of the employees of the City of  
16 Detroit.

17 So we certainly would have spent a good  
18 amount of time on those. As you work your way down,  
19 the CBAs cover fewer people.

**Pg: 62 Ln: 20 - Pg: 63 Ln: 6**

### Designation:

62:20 Q. Let me stop and ask you about CBAs, because I will  
21 tell, I'll confess to you in connection with your  
22 deposition, I haven't read any of the CBAs yet, but  
23 it's my understanding that they're highly negotiated  
24 documents that contain a lot of regulations that  
25 relate to what an employee can or cannot do under the  
63: 1 collective bargaining agreement. Is that a fair  
2 statement?

3 A. It is a fair statement. They're also, very oftentimes  
4 there's arbitration that occurs over these as well,  
5 and so there are rulings that come out of arbitration  
6 that also get incorporated into the overall contract.

**Pg: 63 Ln: 7 - Pg: 64 Ln: 7**

### Designation:

63: 7 Q. Is it true that in order to improve the services that

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

8 the City provides that what we'll describe as its  
9 important collective bargaining agreements along the  
10 lines of how I just defined will need to be modified  
11 in order to allow for that enhancement to occur?

12 A. I don't think that that's a fair statement.

13 Q. You don't think so? How come?

14 A. I think that there are a number of things that can  
15 happen to improve how the City government operates  
16 before you even start talking about collective  
17 bargaining agreements, that is an important element,  
18 but it is not a precursor to all of the improvements.

19 Q. That's a fair correction of my question, which is to  
20 say it's not the only way to improve the provision of  
21 services, right?

22 A. That's correct.

23 Q. You can spend money on the departments and leave the  
24 collective bargaining agreement in place and hopefully  
25 improve that department, right?

64: 1 A. Yes.

2 Q. But modifying the collective bargaining agreements is  
3 one way to improve the services, correct?

4 A. Depending on the department, yes.

5 Q. And it can be an important way to improve the  
6 services, depending on the department, correct?

7 A. It could be, yes.

**Pg: 64 Ln: 8 - 13**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

64: 8 Q. Wouldn't you agree that as part of your work in order  
9 to meaningfully advise Mr. Orr on how to improve City  
10 services, you did need to understand which of the CBAs  
11 were of the category that where modifications might  
12 play an important role in improving services?  
13 A. Yes.

Pg: 65 Ln: 3 - 16

### Designation:

65: 3 Q. Okay. So Conway MacKenzie's tracking how those guys  
4 were doing, it's not in the lead role in terms of  
5 understanding how best to handle lighting.  
6 A. That's right.  
7 Q. And by the way, lighting and the grid are technically  
8 two different things, but I assume they go together  
9 for purposes of the question I just asked you?  
10 A. Yes, sir, that's fine, we can take it that way.  
11 Q. Yeah. I just didn't want to leave the -- I had  
12 started asking you about the grid and we shifted over  
13 to talk about lighting, but your answers would be the  
14 same whether I asked you about the grid or about  
15 lighting.  
16 A. Yes, sir.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 65 Ln: 17 - 25

### Designation:

- 65:17 Q. You had to -- Conway MacKenzie did have to study the  
18 EMS services, correct?  
19 A. Yes.  
20 Q. Those were the emergency medical services, right?  
21 A. Yes.  
22 Q. Those are the guys that drive the ambulances, right?  
23 A. Yes.  
24 Q. Understand everything there was to know about their  
25 effectiveness in delivering services, correct?

Pg: 66 Ln: 3

### Designation:

- 66: 3 A. Yes.

Pg: 66 Ln: 5 - Pg: 68 Ln: 4

### Designation:

- 66: 5 Q. You had to understand issues relating to homeland  
6 security as well, right?  
7 A. A fair amount, yes.  
8 Q. By homeland security, I take it you mean the federal  
9 Department of Homeland Security?  
10 A. Yes. There is an element, this is something that we

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 specifically did not spend much time on, but when we  
12 talk about public safety, public safety typically  
13 would include police, fire, EMS and Department of  
14 Homeland Security.

15 Q. I think I understand that in the sense that, because  
16 the Department of Homeland Security as I understand it  
17 doesn't have guys that run around and keep us all  
18 safe, they liaise with other departments, as I  
19 understand it, the federal Department of Homeland  
20 Security.

21 So tell me what you mean when you include  
22 the Department of Homeland Security, which is a  
23 federal agency with three other things that are very  
24 clearly City departments. I know that it does impact  
25 safety but I just want to understand what you mean by  
67: 1 including it with the other three.

2 A. I think you actually stated it well, which is,  
3 obviously with Detroit being a border town with  
4 another country, the Department of Homeland Security  
5 is an important element here. The public safety  
6 resources that exist within the City may be impacted  
7 by the Department of Homeland Security.

8 Understanding that is one aspect, we were  
9 not involved in doing anything else other than just  
10 having a general understanding of how the Department  
11 of Homeland Security comes into play, especially as it  
12 relates to the City of Detroit.



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 Q. I see. So let me see if I can state it in a way that  
14 is accurate and that you agree with, which is, the  
15 Department of Homeland Security may promulgate some  
16 regulation that says in the event of a nuclear attack,  
17 this is how first responders need to conduct  
18 themselves, just as an example. I'm making that up as  
19 an illustrative example.

20 A. That's correct.

21 Q. Although I do hope we have a plan like that. Your job  
22 was to make sure that you were considering the way  
23 that plan could affect the provision of services by  
24 these departments that you were studying, is that  
25 right?

68: 1 A. Yes.

2 Q. So that's why you included it in your description of  
3 things that impact public safety.

4 A. Yes.

**Pg: 68 Ln: 5 - Pg: 69 Ln: 25**

### **Designation:**

68: 5 Q. You also had to study the Detroit Water and Sewage  
6 Department, correct?

7 A. Yes.

8 Q. And my understanding that throws off something like a  
9 billion, in excess of a billion dollars in revenue  
10 total, is that correct?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 A. Yes.

12 Q. And the City's general fund is, entails revenues in  
13 excess of a billion dollars, correct?

14 A. Approximately a billion to a billion one, depending on  
15 if you are including some gross or net items, we  
16 always view the general fund revenue as between a  
17 billion and a billion one.

18 Q. With respect to the DWSD, you had to understand not  
19 only how it was performing -- right? -- but also  
20 whether or not it might be monetized, is that correct?

21 A. Just as a point of clarification. I believe that we  
22 are still talking about the January through June 14th  
23 time period.

24 Q. We are.

25 A. During that time period we did not have any  
69: 1 involvement with DWSD. Our activities, the activities  
2 that we were requested to undertake related to DWSD  
3 began in July.

4 Q. So you had not studied prior to the proposal to  
5 creditors ways to improve the services of the DWSD?

6 A. DWSD, there's an important element. Because it  
7 operates as an enterprise fund, they -- unless an  
8 enterprise fund would -- the Department of  
9 Transportation is an enterprise fund; however, it  
10 operates at a deficit, and so the general fund has to  
11 subsidize that operation; so we included DDOT within  
12 our activities because of the subsidy that comes from

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 the general fund.

14 DWSD does not operate at a deficit. The  
15 surplus, however, cannot flow to the general fund, and  
16 so the proposal to creditors was based on a general  
17 fund projection, and as a result, the subsequent  
18 activities occurred related to the enterprise fund  
19 operations of the water and sewer funds.

20 Q. Oh, I see. Okay. So the one thing that was making  
21 money was not, was an enterprise fund that you were  
22 not focused on between January and June, there were  
23 enterprise funds that you were looking at like parking  
24 and DDOT where they run at a deficit.

25 A. Yes.

**Pg: 70 Ln: 22 - Pg: 71 Ln: 12**

### Designation:

70:22 Q. Another thing that you were doing personally was also  
23 understanding the pension obligations of the City of  
24 Detroit, correct?

25 A. Yes.

71: 1 Q. Now, you had help from Milliman as well on that,  
2 right?

3 A. Yes.

4 Q. But the pension issue is a sizeable issue in its own  
5 right, is that a fair statement?

6 A. Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 7 Q. And it's a complicated one, correct?
- 8 A. Yes.
- 9 Q. And you also were able to develop a sufficient
- 10 understanding to advise Mr. Orr on that subject prior
- 11 to the June 14th proposal as well, correct?
- 12 A. Yes.

**Pg: 71 Ln: 13 - 25**

### **Designation:**

- 71:13 Q. Now, I ticked off a number of departments that I won't
- 14 go through exhaustively, but that included police and
- 15 fire and EMS, the fact of the matter is there are over
- 16 a dozen more departments that I didn't specifically
- 17 ask you about that Conway MacKenzie was also studying
- 18 and understanding, right?
- 19 A. Yes. When you say a dozen more, that's, you know, a
- 20 broad statement, but yeah, there were other high
- 21 priority departments that I identified earlier on, but
- 22 there are also other very low priority departments as
- 23 well.
- 24 Q. You triaged, right?
- 25 A. Yes.

**Pg: 72 Ln: 1 - 3**

### **Designation:**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

72: 1 Q. But you did get through all the departments prior to  
2 the June 14th proposal.  
3 A. Yes.

**Pg: 72 Ln: 4 - Pg: 73 Ln: 14**

### **Designation:**

72: 4 Q. Now, in addition to understanding these departments,  
5 you also had to understand the appropriate benchmarks  
6 for all of these departments, correct?  
7 A. Where it was applicable we attempted to establish  
8 benchmarks, yes.  
9 Q. Give me an example of where a benchmark could be  
10 applicable versus one where it might not be  
11 applicable.  
12 A. On the police side of things, certainly that was where  
13 data was fairly readily available in terms of crime  
14 statistics that we could compare the city of Detroit  
15 to other municipalities, and looking at, again because  
16 that is such a critical element, certainly half of the  
17 general fund comes from police and fire. So looking  
18 at those benchmarks was a very important process.  
19 Q. What's an example of where a benchmark might not be  
20 applicable?  
21 A. I don't know if it would make sense to say that  
22 there's an area that a benchmark may not be  
23 applicable. When we look at a specific department,

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

24           depending on how the department is operating, it may  
25           not be such that this is the type of information that  
73: 1           you can benchmark with other municipalities.

2    Q.    Because it might just not be available?

3    A.    Right.

4    Q.    Or because they may be organized differently or  
5           something like that?

6    A.    Yes.

7    Q.    So let me rephrase my question, which is, you had to  
8           assess whether there were applicable benchmarks out  
9           there outside of the city of Detroit that you could  
10          use to benchmark the provision of services inside the  
11          city of Detroit.

12   A.    In conjunction with the City we decided whether we  
13          would, for each area, try to obtain benchmarks or if  
14          for a particular area we would not.

**Pg: 73 Ln: 15 - Pg: 74 Ln: 5**

### **Designation:**

73:15   Q.    In general, I know that you can talk about a lot of  
16          specific benchmarks, and we will today in terms of  
17          case closure rates or response times, in general, was  
18          there a benchmarking level that Conway MacKenzie  
19          recommended getting the City to?

20   A.    Generally speaking, the approach that we tried to get  
21          was to average, if you will, and I believe that's what

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

22           you're referring to when you say was there a level.

23    Q.    That is exactly right.

24    A.    We did not, when we set out what initiatives would be

25           undertaken, it was not to get the City to be world

74: 1           class. You have to walk before you run.

2                            So walking in our minds was to get to --

3           get the City to a minimum level of performance that

4           would be average, if you will, when comparing to other

5           benchmarks.

**Pg: 74 Ln: 6 - Pg: 75 Ln: 4**

### **Designation:**

74: 6    Q.    Is it fair to say that the goal of the 10-year  
7           restructuring and reinvestment initiatives is to bring  
8           the City up to a level where the services it provides  
9           are consistent with national benchmarking averages to  
10          the extent they are available and applicable?

11    A.    Not just national. What's very important actually,  
12          because someone, while someone may move from the city  
13          of Detroit to some other city in the country, what  
14          happens more often, and what has happened is people  
15          moving out of the city into surrounding suburbs, and  
16          so that becomes a very relevant benchmark.

17                            We have to make sure that the dollars that  
18          someone pays in terms of taxes can get them  
19          commensurate services with another choice they would

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20           have in terms of moving to another surrounding city.

21    Q.    So you said not just national, I take it you mean we  
22           also considered trying to elevate services to average  
23           benchmarks of surrounding communities?

24    A.    Yes.

25    Q.    Is that correct?

75: 1   A.    Yes.

2    Q.    And what about other comparable municipalities, was  
3           that another source of average benchmarking?

4    A.    Certainly.

**Pg: 75 Ln: 5 - Pg: 76 Ln: 15**

### **Designation:**

75: 5   Q.    Other than those three things, national averages,  
6           surrounding Detroit municipality averages, and other  
7           comparable municipality averages, any other types of  
8           averages that you would have used as a benchmark?

9    A.    Well, the department personnel typically would provide  
10           input as well in terms of where they felt the City  
11           department would need to be in terms of how it  
12           performed.

13   Q.    So you appropriately qualified my question to you by  
14           saying it wasn't just national averages, so thank you  
15           for that. The part of my question though was that the  
16           time frame for achieving whatever average the City is  
17           trying to achieve, subject to your qualification, is



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18           that by the end of the 10 years hopefully all of the  
19           City services will meet up with whatever average they  
20           are seeking to attain.

21    A.    I would qualify that statement in that we did not set  
22           out the target to be there in 10 years. We think it's  
23           very important, every trend that you look at for the  
24           City has been declining, whether it's population loss  
25           or any other items that you look at. Those have to be  
76: 1       fixed soon.

2                           For people to be attracted to live or  
3           locate their businesses in the city, it's not a very  
4           good proposition to lay out in 10 years we're going to  
5           be average. So while our plan covered 10 years, it  
6           was not the goal that we were going to take 10 years  
7           to get to average.

8    Q.    What is the -- what is the hope with respect to when  
9           Detroit will achieve average level of service  
10           provision irrespective of which particular benchmark  
11           average we're talking about?

12   A.    It depends on the area. Some areas we are going to be  
13           able to get there sooner rather than others. Others  
14           there's a very comprehensive set of activities that  
15           needs to occur that will likely take years.

**Pg: 76 Ln: 16 - Pg: 78 Ln: 2**

**Designation:**

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

- 76:16 Q. The hope is to get as many of the services up to the  
17 appropriate average in a time period that is far  
18 shorter than 10 years, fair statement?
- 19 A. Yes.
- 20 Q. And that's the goal that the restructuring and  
21 reinvestment initiatives are driving at, correct?
- 22 A. Yes.
- 23 Q. Isn't it a fair statement that the current service  
24 level provision in the city of Detroit would rank near  
25 the bottom of whatever scale it was that you were  
77:1 determining the average that was its benchmark?
- 2 A. We did not come across anything where Detroit was  
3 stellar.
- 4 Q. But isn't it true, it's not just that it's not  
5 stellar, I think that's certainly a true statement,  
6 but that it's in your view it's operating near the  
7 bottom of any list that you would compile of the  
8 different types of service provision?
- 9 A. I think that's true.
- 10 Q. And what you are seeking to do and what the City is  
11 seeking to do with the restructuring and reinvestment  
12 initiatives is lift it from the bottom up to the  
13 average, correct?
- 14 A. Yes.
- 15 Q. Is it fair to say that that is a challenging task?
- 16 A. Certainly can be.
- 17 Q. And it will be in the City of Detroit, right?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 A. The City has a number of things that position it to  
19 deal with those challenges better than it has in a  
20 number of years.

21 Q. Do you know of any other city in the United States  
22 that's ever made a similar level of improvement?

23 A. We have not researched that, so I don't know off hand.

24 Q. So I take it you don't know what it would have cost  
25 any other city to undertake a similar level of

78: 1 improvement.

2 A. Correct, I would not know that.

**Pg: 78 Ln: 3 - 12**

### **Designation:**

78: 3 Q. When you collect information for benchmarking, how do  
4 you do it?

5 A. Well, there's a variety of ways. There can be  
6 publicly-available information, such as comprehensive  
7 annual financial reports from municipalities, there  
8 are some organizations that track operating statistics  
9 and you can also actually talk to the municipalities  
10 themselves.

11 Q. Did you do all of those things?

12 A. Yes.

**Pg: 79 Ln: 8 - 19**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

79: 8 Q. Start with the Internet, but in terms of trying to get  
9 benchmarking information, were you able to get  
10 benchmarking information on all the subjects that you  
11 needed to or were there a lot of areas where you just  
12 couldn't obtain good benchmarks?

13 A. In most situations we're not able to get all the  
14 information that we would like to have; so whether  
15 we're talking about a corporate situation or a  
16 municipal situation, there's always more information  
17 that you would like to have, but because  
18 municipalities are public entities, there's a fair  
19 amount of information that's out there.

**Pg: 79 Ln: 24 - Pg: 81 Ln: 20**

### Designation:

79:24 Q. After all of the work that you did that we have been  
25 discussing so far in your deposition, you ultimately  
80: 1 made a recommendation to the emergency manager as to  
2 what the restructuring and reinvestment initiative  
3 should be and how much you thought they would cost, is  
4 that correct?

5 A. Yes.

6 Q. Your recommendation was that the City should spend  
7 \$250 million over 10 years on restructuring  
8 initiatives and a billion dollars over 10 years on

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

- 9           reinvestment initiatives, is that correct?
- 10   A.    Yes.
- 11   Q.    And was that recommendation to the emergency manager
- 12           something that he accepted?
- 13   A.    Yes.
- 14   Q.    In fact, he accepted it and included it in the
- 15           June 14th proposal to creditors, correct?
- 16   A.    Yes.
- 17   Q.    And that's -- that was included so that people could
- 18           see how the restructuring and reinvestment initiatives
- 19           would impact the City's cash flows over the next 10
- 20           years and thus inform what may or may not be available
- 21           for creditors, correct?
- 22   A.    Yes.
- 23   Q.    Amongst other reasons?
- 24   A.    Yes.
- 25   Q.    When did you get to the \$1.25 million number, by what
- 81: 1           date?
- 2    A.    We would have finalized that in early June, sometime
- 3           prior to June 14th, but that period of time between
- 4           the beginning of May and June 14th is when we would
- 5           have finalized that number.
- 6    Q.    Now, that \$1.25 billion number has not changed since
- 7           June 14th, correct?
- 8    A.    Correct.
- 9    Q.    It is still the City's intention to pursue
- 10           \$1.25 billion in restructuring and reinvestment

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 11 initiatives even as we sit here in December 2013,  
12 correct?
- 13 A. Yes.
- 14 Q. Now, at the time that it made its recommendation, the  
15 City of Detroit had not yet filed for bankruptcy,  
16 correct?
- 17 A. Correct.
- 18 Q. And it was not known at that time whether the City  
19 would or would not file, right?
- 20 A. Correct.

**Pg: 81 Ln: 21 - Pg: 82 Ln: 11**

### **Designation:**

- 81:21 Q. How did Conway MacKenzie determine how much money it  
22 thought the City should spend on the restructuring and  
23 reinvestment initiatives?
- 24 A. Well, it was a, as I say, a very iterative process,  
25 which had at its goal what does the City need to do in  
82: 1 order to be able to operate effectively, and those  
2 were the recommendations that we made in order for  
3 that to happen.
- 4 Q. So is it a fair statement to say that you had the goal  
5 of making the City, you had the goal of trying to get  
6 the City to operate effectively, you made an  
7 assessment of what needed to be done to achieve that  
8 goal, and then you made an assessment of how much it

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9           would cost to achieve the things that needed to be  
10           done to meet the goal.  
11    A.    Yes.

**Pg: 82 Ln: 12 - 19**

### **Designation:**

82:12   Q.    In considering how much the City should spend on the  
13           restructuring and reinvestment initiatives, did Conway  
14           MacKenzie make any effort to determine how much the  
15           City had to spend? How much was available to the City  
16           to spend.  
17    A.    As it relates to the work that we did in coming up  
18           with these items, we did that without regard to what  
19           cash was available.

**Pg: 82 Ln: 20 - Pg: 83 Ln: 4**

### **Designation:**

82:20   Q.    Is it fair to say you were told go figure out what we  
21           need to do to achieve our goals of effective service  
22           provision, how much it will cost, and come back and  
23           tell me the answer, don't worry about what we have to  
24           work with?  
25    A.    I think that's a fair statement. Now, obviously no  
83: 1           one said those exact words, but yes, how you have  
2           characterized it, which is go figure out what it will

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 take to get us to the point where we're operating  
4 effectively.

**Pg: 83 Ln: 5 - 21**

### **Designation:**

83: 5 Q. And that direction came to you from Mr. Orr?  
6 A. It would have started actually with the people that  
7 were involved prior to Mr. Orr's appointment.  
8 Q. And that was, tell me that gentleman's name again.  
9 A. Chris Andrews was the, he started off as program  
10 management director. He moved into the chief  
11 operating officer role. He was our primary person  
12 with whom we interacted.  
13 Q. And the direction that he gave you that you summarized  
14 well for me was consistent with the direction that  
15 Mr. Orr gave you in terms of how you should continue  
16 doing what you were doing.  
17 A. Yes.  
18 Q. Mr. Orr didn't say stop, wait, you're going about it  
19 all wrong. He allowed you to continue doing the  
20 process the way you described it.  
21 A. That's correct.

**Pg: 83 Ln: 22 - 24**

### **Designation:**



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

83:22 Q. Now, you're an experienced turnaround guy and you I  
23 think live around here, is that correct?  
24 A. Yes.

**Pg: 83 Ln: 25 - Pg: 84 Ln: 6**

### Designation:

83:25 Q. So you were aware that the City had substantial debts,  
84: 1 correct?  
2 A. Yes.  
3 Q. But your process involved putting your awareness of  
4 those debts to one side and considering what needed to  
5 be done and how much it would cost, is that correct?  
6 A. Yes.

**Pg: 84 Ln: 7 - Pg: 85 Ln: 11**

### Designation:

84: 7 Q. Now, what role did Ernst & Young have in formulating  
8 the amount of the restructuring and reinvestment  
9 initiatives, the amount of spending over the 10 years?  
10 A. The way that the process worked is that Ernst & Young  
11 prepared what we refer to as a baseline financial  
12 projection, which is going out 10 years, based on how  
13 the City is operating right now, what the City's  
14 financial picture would look like.  
15 Conway MacKenzie's work product, which are

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 the restructuring and reinvestment initiatives, were  
17 then layered on top of that by department to then come  
18 up with what is referred to as the restructured  
19 financial projection going out 10 years. That's how  
20 that came together.

21 Q. And then there was a necessary third step, right?  
22 Because when you layered those things together, the  
23 City obviously operated in even deeper deficit than it  
24 did prior to the reinvestment initiatives, right?

25 A. Yes.

85: 1 Q. The third step was to take the unsecured legacy  
2 liabilities and back them out of the equation to see  
3 whether the City could afford the restructuring and  
4 reinvestment initiatives and to see if there was any  
5 money left over for those unsecured creditors, right?

6 A. Essentially, yes. It was looking at taking the  
7 revenue that was coming into the City, the expenses  
8 that would remain, the reinvestment and restructuring,  
9 and then figuring out after that what cash the City  
10 would have to pay towards its obligations. Previous  
11 obligations I should say.

**Pg: 85 Ln: 16 - 23**

### **Designation:**

85:16 Q. But it's fair to say that what the money that was  
17 available for creditors came after the City assumed it

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18           would be undertaking all of the restructuring and  
19           reinvestment initiatives, correct?  
20    A.    That is how we have laid it out, yes.  
21    Q.    You backed into it so to speak.  
22    A.    We determined what cash would be available and then  
23           that cash would go towards these previous obligations.

**Pg: 85 Ln: 24 - Pg: 86 Ln: 23**

### **Designation:**

85:24   Q.    Now, at the time that you made this proposal to  
25           Mr. Orr that was then included in the June 14th  
86: 1           proposal, what was your understanding about how the  
2           restructuring and reinvestment initiatives would be  
3           funded?  
4    A.    That discussion was something that essentially as we  
5           were going through this was part of the financial  
6           projection process, so as we layered on our  
7           restructuring and reinvestment initiatives to the  
8           Ernst & Young baseline forecast, we looked out and we  
9           said there's a surplus here. That surplus over the  
10          10-year period was approximately \$800 million.  
11                        So from that standpoint there was an  
12          indication that this -- these items could be funded by  
13          the City. The timing of those and whether there was  
14          going to be sufficient cash by the City itself to fund  
15          those certainly was not finalized or decided upon by

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 June 14th.

17 Q. I see. You're saying you looked in the aggregate and  
18 understood whether you could make it work in the  
19 aggregate over the 10-year period, with respect to how  
20 any one year might be focused, funded, whether out of  
21 operations or debt or whatever, you didn't look at  
22 that until later.

23 A. That's right.

**Pg: 86 Ln: 24 - Pg: 88 Ln: 7**

### Designation:

86:24 Q. I know that money is fungible, so I know that it's  
25 tough to talk about what is the funding source for  
87: 1 things, but at a logical level, isn't it fair to say  
2 that what was funding the reinvestment and  
3 restructuring initiatives that were being proposed  
4 were the cuts to the unsecured creditors?

5 A. Not necessarily, because you have mentioned the  
6 1.25 billion number. There are revenue initiatives of  
7 approximately \$250 million during that time period and  
8 then in addition to that an anticipated increase in  
9 revenue of approximately \$350 million; so during that  
10 10-year period there's \$600 million of additional  
11 revenue that we anticipate would be coming in.

12 When you compare that to the 1.25, that  
13 funds approximately half of that. Within that

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 \$1.25 billion, the City would have capital  
15 expenditures, normal capital expenditures every year  
16 anyways. This is not just incremental capital  
17 expenditures. Within the \$1.25 billion, that is  
18 complete capital expenditures.

19 Q. So okay, I think I understand what you said. Capital  
20 expenditures in terms of average capital expenditures  
21 that the City "typically makes."

22 A. Yes.

23 Q. Are included in the \$1.25 billion, as well as the  
24 incremental capital expenditures you are recommending  
25 that it makes.

88: 1 A. Yes.

2 Q. Even under the revenue enhancements that you hope that  
3 the restructuring and re-initiatives will generate,  
4 there's still a sizeable portion of the restructuring  
5 and reinvestment initiatives that it was anticipated  
6 by logical extension would be funded by cuts to  
7 creditors, correct?

**Pg: 88 Ln: 10 - Pg: 89 Ln: 8**

### **Designation:**

88:10 A. The -- taking a step back, again, capital expenditures  
11 of any kind are included in the \$1.25 billion. There  
12 is an amount that would have to be there no matter  
13 what.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14                   If you look at what that amount may be  
15                   based on history, there's an argument to be made that  
16                   perhaps \$600 million of that 1.25 would be there  
17                   anyways; so it could be that that -- of that 1.25, the  
18                   incremental portion is funded through the revenue  
19                   initiatives.

20 BY MR. HACKNEY:

21 Q.   At some point we're kind of engaging in a mental  
22           exercise to begin with by talking about what dollar is  
23           funding what, I understand that, but that's in part  
24           your answer that you just gave me would be based on  
25           whether you would allocate the capital expenditures  
89: 1           that the City was going to make anyway over the 10  
2           years to the non-revenue enhancing side of the  
3           funding, right?

4 A.   Yes.

5 Q.   If I put it over on the other side and said revenue  
6           enhancements will pay for all the stuff we're going to  
7           do anyway, the cuts to creditors are the ones that  
8           will fund the incremental investment.

**Pg: 89 Ln: 11 - 22**

### **Designation:**

89:11 A.   I would point out to you that looking back over the  
12           last 10 years, there's never been a year where the  
13           capital expenditures have been lower than \$12 million

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

14 a year, and even during the lightest period of time,  
15 the average was typically closer to 28 to \$30 million  
16 a year.

17 So it is just not reasonable to assume that  
18 the City could not spend anything on capital, and  
19 again I understand money is fungible, and whichever  
20 bucket you would want to put it in, but there has to  
21 be some level of spending that the City undertakes as  
22 it relates to capital expenditures.

**Pg: 89 Ln: 24 - Pg: 91 Ln: 15**

### Designation:

89:24 Q. Fair enough. By the way though, if -- what did you  
25 say, did you say that you knew what the average  
90: 1 capital expenditures was say over the prior 10 years?

2 A. Yes.

3 Q. What was it?

4 A. We break it into two time periods actually, so 2007  
5 through 2012, where the City was experiencing  
6 significant budgetary issues, I believe that the  
7 average was in the neighborhood of around 28 million  
8 per year, 25 to \$30 million.

9 If you look at 2003 through 2006, I think  
10 that average, if I recall correctly, was closer to  
11 around \$60 million per year.

12 Q. So with respect to the 2007 to 2012 average, the

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 restructuring and reinvestment plan on average looks  
14 to quadruple the amount of capital investment in any  
15 one year?

16 A. Not correct, the 1.25 billion includes \$300 million  
17 related to labor and expense-type items; so of the  
18 \$950 million that remains, that would be comparing the  
19 \$300 million that I think you just were referring to  
20 to the \$900 million. 500 of that 950 is blight  
21 removal.

22 So really what we're talking about in terms  
23 of an apples to apples comparison is \$300 million  
24 versus \$450 million using an average for the 2007  
25 through 2012 time period, which was a very, very light  
91: 1 year, or light years in terms of capital expenditures.

2 Q. Okay. If you didn't take out the blight though,  
3 because it is a capital expenditure the City is  
4 making, you would be comparing approximately \$300  
5 million a year in, I'm sorry, \$300 million over a  
6 10-year period?

7 A. Yes.

8 Q. If you annualized the 2007 to 2012 period, to  
9 approximately a billion dollars of capital spending  
10 over a 10-year period, correct?

11 A. Yes, that's a fair statement. If you annualized the  
12 average from 2007 to 2012 and you multiplied that by  
13 10, and you compare that to the 950.

14 Q. You're looking at about a tripling.



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 A. Approximately.

**Pg: 92 Ln: 6 - 14**

**Designation:**

92: 6                    So I think this should be obvious from your  
7                    testimony but let me ask it anyway, which is, isn't it  
8                    true that as Conway MacKenzie was assessing how much  
9                    to spend on restructuring and reinvestment  
10                    initiatives, it was not considering what was fair and  
11                    equitable to the City's creditors?  
12 A.                I think that's a fair statement. We were focused on  
13                    what is necessary to make the City operate  
14                    effectively.

**Pg: 92 Ln: 15 - 18**

**Designation:**

92:15 Q.            No one charged Conway MacKenzie with assessing what  
16                    was fair and equitable to the City's creditors,  
17                    correct?  
18 A.                I think that's a fair statement.

**Pg: 92 Ln: 19 - 20**

**Designation:**

92:19 Q.            Was anyone inside the City making that determination

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

20           to your knowledge?

**Pg: 92 Ln: 21 - Pg: 93 Ln: 3**

**Designation:**

92:21    A.    Could you clarify when you say determining what is  
          22           fair and equitable to creditors?  
          23    Q.    I'm not sure that I can.  I think at some point it  
          24           just, those are certainly words that come from the  
          25           Bankruptcy Code I think, but I guess what I'm asking  
93:  1           is was there anyone out there who was looking at what  
          2           recoveries to creditors would be fair, viewed from the  
          3           perspective of creditors?

**Pg: 93 Ln: 6 - 10**

**Designation:**

93:  6    A.    The proposal for creditors, the June 14th document  
          7           that you referred to, has a proposed treatment for  
          8           creditors, and based on statements I've heard  
          9           directly, certainly is the City's view that that  
         10           proposes a fair treatment for creditors.

**Pg: 93 Ln: 12 - Pg: 94 Ln: 2**

**Designation:**

93:12    Q.    Now, the -- the City's proposal to creditors, and I

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 want to put secured creditors to one side and just  
14 talk about the unsecured creditors if we could, that  
15 involved a \$2 billion pot of unsecured bonds, is that  
16 correct?

17 A. That is one element.

18 Q. Was there another one for unsecured creditors?

19 A. The City indicated that, or we alluded to in the  
20 proposal for creditors that we were going to undertake  
21 a process to evaluate options for, as an example,  
22 Detroit Water and Sewer Department, which could  
23 enhance what would be available for creditors, and  
24 then as the financial projection shows, that there was  
25 excess cash over that time period which could  
94: 1 potentially be available for satisfying claims as  
2 well.

**Pg: 95 Ln: 15 - 18**

### **Designation:**

95:15 Q. Yeah. Did anyone, excluding legal advice, from the  
16 rest of the City's restructuring team communicate to  
17 you what they thought a fair recovery was for  
18 creditors?

**Pg: 95 Ln: 24 - 25**

### **Designation:**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

95:24 A. Seems to me that communications around those topics  
25 typically involved counsel.

**Pg: 96 Ln: 2 - 6**

**Designation:**

96: 2 Q. Okay. Has anyone come to you after the bankruptcy has  
3 started and said the amount, the reinvestment and  
4 restructuring initiatives do not leave amounts that  
5 are sufficient to fairly and equitably treat our  
6 creditors?

**Pg: 96 Ln: 11**

**Designation:**

96:11 A. No communications that I recall outside of counsel.

**Pg: 96 Ln: 24 - Pg: 97 Ln: 25**

**Designation:**

96:24 Is it your understanding that the  
25 anticipated size of the Quality of Life note will be  
97: 1 somewhere in the neighborhood of \$120 million  
2 depending on the termination expense of the swap?  
3 A. Generally in that neighborhood, that amount depending  
4 on as you say what the amount is at the date that that  
5 swap would be taken care of.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 6 Q. For example, if interest rates rise, the swap  
7 termination goes down, the proceeds available for  
8 Quality of Life expenditures go up, right?
- 9 A. Yes, sir.
- 10 Q. And this is zero sum -- right? -- in the sense that if  
11 the swap amount goes down, the proceeds that are now  
12 available, whatever's left over of the 350 will be  
13 used for Quality of Life.
- 14 A. Yes.
- 15 Q. So certainly the City's determined that it has had to  
16 take debt with respect to this first time period of  
17 reinvestment initiatives, correct?
- 18 A. Yes.
- 19 Q. What about the next nine years of reinvestment  
20 initiatives, what do you anticipate will fund those?
- 21 A. The City's cash flow.
- 22 Q. Did Conway MacKenzie offer the City advice regarding  
23 how big the Quality of Life note should be in terms of  
24 sizing the DIP?
- 25 A. No.

**Pg: 98 Ln: 19 - Pg: 99 Ln: 6**

### **Designation:**

- 98:19 Q. So I'm trying to understand how you plug into the  
20 bankers who are sizing this \$350 million loan, does  
21 that make sense?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

22 A. It does, yes. This was an iterative process whereby  
23 we looked at a few parameters that we were asked to  
24 take into account as it relates to spending plans on  
25 the initiatives.

99: 1                   One was the City maintaining a certain  
2                   minimum cash balance. Another one would be trying to  
3                   enact the highest priority items. And so we, Conway  
4                   MacKenzie that is, would or did prepare schedules that  
5                   showed the timing of the spending on restructuring and  
6                   reinvestment initiatives.

**Pg: 99 Ln: 7 - 11**

### **Designation:**

99: 7 Q. So basically it's fair to say that the City's  
8                   restructuring team came to you and your team and said  
9                   what are the most important reinvestment initiatives  
10                  that we should undertake the soonest and how much will  
11                  they cost in order to understand how to size the DIP?

**Pg: 99 Ln: 14 - 17**

### **Designation:**

99:14 A. That's a fair statement, and as I mentioned, it was  
15                  iterative in terms of there was also an element of if  
16                  this is the amount that is obtained, how would you  
17                  schedule this out, so it was an iterative process.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 100 Ln: 6 - 25

### Designation:

100: 6 Q. How do the first, I'm going to call it the first year,  
7 I understand that the Quality of Life note, I saw for  
8 example that you suggested that you might, if it is  
9 120 million and we don't know the precise amount  
10 because we don't know the swap, but if we use 120  
11 million as a reasonable estimate that it might fund  
12 six months' worth of reinvestment initiatives at \$20  
13 million a month.

14 A. Approximately \$20 million per month is what we have,  
15 yes.

16 Q. I know these numbers aren't definite but just in terms  
17 of general assumptions, was the assumption that the  
18 Quality of Life note will be approximately \$120  
19 million and that it will be deployed at a rate of  
20 about 20 million a month for six months?

21 A. One element that certainly was taken into account was  
22 the City maintaining a certain cash balance, and so  
23 yes, it turned out that if the amount of the Quality  
24 of Life loan is 120 million, that's about the rate  
25 that we could deploy, reasonably deploy that capital.

Pg: 102 Ln: 10 - 21

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

102:10 Q. So you answered a different question than I intended,  
11 which was you basically said don't worry, we're going  
12 to have enough money for all ten years, but I wanted  
13 you to answer the question more if there isn't enough  
14 money for the other nine years of reinvestment  
15 initiatives, for whatever reason, but pretend someone  
16 told you, Mr. Orr told you to assume that was the case  
17 today, to what extent do the six months' of  
18 reinvestment initiatives that you are about to  
19 implement relate to the other nine and a half years in  
20 a way that it would change how you would spend the  
21 money, do you understand the question?

**Pg: 102 Ln: 24 - Pg: 103 Ln: 10**

### Designation:

102:24 A. I do understand the question. Some projects have a  
25 longer time period and they will require funds to be  
103: 1 deployed over that longer time period. There are  
2 other discrete projects where money can be spent now  
3 and money will not have to be spent in the future.  
4 And so this is obviously a very  
5 hypothetical that you have put in front of me, which  
6 is to say, if you have this amount this year and then  
7 you know that you don't have anything else after that,  
8 would you deploy any of it, and my answer to that is



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9           most likely yes, because a number of these projects do  
10           not require funds for future years.

**Pg: 103 Ln: 11 - 18**

### **Designation:**

103:11   BY MR. HACKNEY:

12   Q.   That's a perfect answer to the question, and I  
13       understand exactly what you're saying. Can you give  
14       us a sense of if the Quality of Life proceeds are 120  
15       million, and you're now told there won't be any other  
16       Quality of Life reinvestment initiatives in the next  
17       nine and a half years, what portion of the 120 million  
18       would you either not spend or redeploy?

**Pg: 103 Ln: 21 - Pg: 104 Ln: 3**

### **Designation:**

103:21   A.   This is a scenario that we have not looked at, and I'm  
22       going to play that scenario back to you, which is to  
23       say we would spend, we would implement the  
24       restructuring and the reinvestment plan for year one  
25       and then we would not do anything for years two  
104: 1   through ten. That is not a scenario that we've looked  
2       at and I'm not sure that's a reasonable scenario to  
3       look at.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 104 Ln: 5 - 25

### Designation:

104: 5 Q. Okay. Of the 120 million in Quality of Life proceeds,  
6 how much of it relates to a project that won't be done  
7 in the six-month period we were just talking about?

8 Let me give you an example.

9 When you buy Tasers, you send the money out  
10 the door, the Tasers come in, you give them to the  
11 cops, the police officers, from the standpoint of  
12 buying Tasers, it's done, they now have the Taser.

13 A. Yes.

14 Q. Another example might be an ERP system where one half  
15 of the implementation will be done in the next six  
16 months but the next half won't be done until later  
17 where you might not spend the first half if you were  
18 not certain you could spend the second half, do you  
19 understand that distinction?

20 A. I do understand.

21 Q. Can you categorize the approximately 120 million in  
22 potential Quality of Life note proceeds according to  
23 the -- those two categories?

24 A. No, not offhand. I would have to go through each  
25 individual item to be able to answer that question.

Pg: 105 Ln: 1 - 22

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

105: 1 Q. And I take it you haven't done that as you sit here  
2 today because you don't believe that will be the case.

3 A. I think we've evolved a little bit from your original  
4 hypothetical. We certainly have looked at projects  
5 from the standpoint of whether they are discrete or  
6 whether they are over a longer period of time.

7 This is a very important element of what  
8 the City has undertaken in its analysis, and when I  
9 say the City, we worked very closely with the CFO  
10 during the months of September and October, really  
11 August and September primarily, regarding the  
12 spending, and generally speaking no one would want to  
13 undertake, back to your hypothetical, a scenario where  
14 you would spend money without knowing that you're  
15 going to be able to fund the whole thing.

16 And so we certainly have talked about  
17 projects that are more discrete versus the longer  
18 period of time.

19 Q. Fair statement, but when you're having those  
20 interactions with him, one of the things that you have  
21 to think about is what will the City be paying on its  
22 unsecured legacy liabilities, correct?

**Pg: 105 Ln: 25**

### Designation:

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

105:25 A. That is not necessarily correct.

**Pg: 106 Ln: 2 - Pg: 107 Ln: 22**

### Designation:

106: 2 Q. Well, we're talking about a forecast, right?

3 A. Yes.

4 Q. So you have to go through all of the elements of the  
5 forecast and compare it to the anticipated revenues to  
6 see whether you have enough money, right?

7 A. Yes.

8 Q. So when you're talking to the CFO about whether you'll  
9 have enough money for the whole ten years to implement  
10 the reinvestment initiatives, what assumption was he  
11 using as you understand it with respect to the  
12 unsecured legacy liabilities?

13 A. Well, going back to the point that you made before,  
14 money is fungible, and so as we sit here today, we  
15 would not as an example lay off a thousand employees  
16 just because we think that we may have to pay claims  
17 on various unsecured creditors, unsecured obligations.

18 So to the extent that there is a scenario  
19 whereby amounts have to get paid to the unsecured  
20 creditors that go beyond what the City has, that to me  
21 raises a question of whether that plan, if you will,  
22 is even viable or feasible.

23 Q. Why?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

24 A. Using the right term.

25 Q. Why is that?

107: 1 A. If the -- if there's a plan which provides for  
2 payments on unsecured claims that is beyond what cash  
3 flow exists for the City, then I question whether that  
4 plan is feasible.

5 Q. After taking into account the anticipated  
6 restructuring and reinvestment initiatives, right?

7 A. Correct. As I've pointed out earlier, I'm not sure  
8 that you can necessarily separate those things out.  
9 They have been viewed or characterized as incremental  
10 and perhaps nice to have, and what I'm indicating is  
11 that you can't separate that out. There's capital  
12 expenditures that the City will have no matter what.

13 Q. I think I understand what you're saying. Let me make  
14 sure I can state it in a way that hopefully will  
15 reflect my understanding and you can tell me whether I  
16 got it right or not, which is, when you're looking at  
17 the next ten years, you're looking at the City's  
18 operations plus the restructuring and reinvestment  
19 initiatives, and to the extent creditor recoveries  
20 exceeded any surplus, that would likely render such a  
21 proposal infeasible from your standpoint.

22 A. Certainly could, yes.

**Pg: 108 Ln: 19 - Pg: 110 Ln: 4**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

108:19 Q. I understand all of that but you do understand that  
20 the plan here will necessarily be based in part at  
21 least on future forecasts of what is likely to happen  
22 over the next ten years, correct?

23 A. I do, yes.

24 Q. And that's in part because it is the, Mr. Orr's  
25 proposal that proposes to give the general unsecured  
109: 1 creditors debt, right?

2 A. Yes.

3 Q. And so in order to understand whether the City can  
4 service that debt, you have to understand the  
5 forecasted amount of revenues and expenses, right?

6 A. It depends on the terms of that debt.

7 Q. But fair enough. So if it was picked at you might not  
8 have to?

9 A. That's correct.

10 Q. But the City has not proposed picked at, correct?

11 A. The City has not put forward its plan of adjustment.

12 Q. Let me see if I can state it in a way where we can  
13 agree and move on in a more general level.

14 The anticipated revenues and operating  
15 costs of the City considered in isolation from the  
16 restructuring and reinvestment initiatives, plus the  
17 restructuring and reinvestment initiatives and their  
18 anticipated impacts on costs and revenues as well,  
19 those two things together have necessary implications

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 for what is available to creditors.

21 A. I don't know if I agree with that statement. They  
22 could, but they don't necessarily.

23 Q. I don't -- I mean, I don't mean to be flip, but how  
24 much money the City plans to spend on itself over the  
25 next ten years, and how much it thinks it's going to  
110: 1 get necessarily relates to how much is left over for  
2 the creditors, right?

3 A. It depends on if that is a source of recovery for the  
4 creditors.

**Pg: 110 Ln: 5 - 22**

### **Designation:**

110: 5 Q. Fair point. If there were asset sales, for example,  
6 it might not matter that the City only had a small  
7 incremental amount of money left over because  
8 creditors might be getting a fair recovery from other  
9 sources?

10 A. That's one example, yes.

11 Q. What's another one?

12 A. I just, that I would point out to you that as an  
13 example.

14 Q. Okay, that's helpful. It's a fair characterization  
15 you made there, fair qualification. Let me rope that  
16 in though to my prior question, which is, if you  
17 assume that there won't be material asset sales, and

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18           that you only have the ongoing cash flows of the City  
19           on a year-to-year basis to fund creditor recoveries,  
20           the City's anticipated operating costs plus the  
21           restructuring and reinvestment initiatives have  
22           necessary implications for what that amount is.

**Pg: 111 Ln: 1 - 6**

### **Designation:**

111: 1    A.    Only to the extent that the net cash flow that the  
          2           City generates is used to satisfy creditor claims.  If  
          3           the net cash flow from the City's operations is not  
          4           used to satisfy creditor claims, for whatever reason,  
          5           then it would not have implications for creditor  
          6           recoveries.

**Pg: 111 Ln: 8 - Pg: 113 Ln: 2**

### **Designation:**

111: 8    Q.    Okay.  So if there are no asset sales and there's no  
          9           use of excess cash flow to satisfy creditor claims, am  
          10          I missing another possible bucket?  
111: 11   A.    Mr. Hackney, I'm just saying that I don't think,  
          12          number one, the City has not put forward a plan of  
          13          adjustment, as such, I don't think that we can  
          14          automatically assume that recoveries to creditors have  
          15          to come from at least partially the City's net cash



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 flow from operations, and as such, I don't agree with  
17 the statement that the spending that the City does  
18 necessarily has implications on creditor recoveries.

19 Q. Remember though -- and I know it's 12:28, Bob --  
20 remember though that I baked into my question the  
21 assumption that there would be no asset sales.

22 A. I understand that, and what I'm saying is that those  
23 are two separate items. If you necessarily, if you  
24 assume that creditor recoveries have to come from net  
25 cash flow from operations, then yes, there's an  
112:1 implication. I just don't think that that is an  
2 assumption that necessarily or should be made.

3 Q. Fair enough. If creditor recoveries will only be  
4 funded in part by asset sales, the reinvestment  
5 initiatives have implications for the amount of excess  
6 cash flow available to fund the other part of creditor  
7 recoveries, correct?

8 A. Again, it's taking it one step further that I don't  
9 agree with, and that is that a source of recovery for  
10 creditor claims is net cash flow from operations. I  
11 don't know, as we sit here today, no one knows what  
12 the different sources of recovery for creditor claims  
13 may be.

14 And so I'm not prepared to make the  
15 assumption that under any scenario that net cash flow  
16 from operations has to be a source for a creditor  
17 recoveries.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 Q. That's a great point. As you stated, there is no plan  
19 of adjustment right now, correct?

20 A. The City has not filed its plan of adjustment.

21 Q. So you don't know how unsecured creditors will be  
22 treated under that plan as you sit here today,  
23 correct?

24 A. I specifically don't know.

25 Q. And you don't know what their recoveries will be,  
113: 1 correct?

2 A. That is correct.

**Pg: 113 Ln: 10 - Pg: 114 Ln: 15**

### **Designation:**

113:10 Q. I am sorry to interrupt, but I thought I asked you a  
11 bunch of questions saying doesn't it have implications  
12 and you said not necessarily, and now I'm saying you  
13 can't say whether it has implications and you're  
14 disagreeing with that as well?

15 A. Yes, sir. And the reason why is I'm not prepared  
16 today to say that creditor recoveries, or at least a  
17 portion of creditor recoveries have to come from net  
18 cash flow from operations.

19 Now, with that said, there are elements as  
20 it relates to confirming a plan of adjustment that  
21 certainly I am aware of, and I know one element is  
22 that the plan is feasible, and so we know that for a

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

23 plan to get confirmed, it needs to be feasible.

24 If we have a situation where creditor

25 recoveries are beyond what resources are available

114: 1 from the City, then that's not feasible. That plan

2 likely would not be deemed feasible.

3 And so because of that, the -- those

4 elements give me comfort in making that statement as

5 it relates to whatever plan of adjustment occurs. I

6 know it has to be deemed feasible for it to be

7 confirmed.

8 Q. And by the way, if the creditor recoveries didn't

9 leave enough money, that statement that you made, it

10 would be infeasible, it would not be feasible, that's

11 assuming that the full amount of the reinvestment

12 initiatives are planned, right?

13 A. I'm not making that assumption. All I'm making the

14 assumption of is that for a plan to be confirmed, it

15 needs to be deemed feasible.

**Pg: 115 Ln: 10 - Pg: 116 Ln: 7**

### **Designation:**

115:10 Q. We also talked about what I'll call competitive

11 municipalities, which are municipalities that you

12 could fairly say are in direct competition with each

13 other for an individual citizen's residency.

14 A. Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 Q. You remember we talked about that concept earlier on  
16 in the deposition?

17 A. Yes.

18 Q. I take it that generally are you referring to the  
19 municipalities that ring Detroit in the main there? I  
20 know at some level Detroit's in some manner of  
21 competition with Muskegon and Grand Rapids and  
22 Traverse City, but are the most directly competitive  
23 cities the ones that you are looking at, the ones that  
24 are proximate to Detroit? And I don't know what you  
25 call them, but like the collar municipalities?

116: 1 A. Yes. Essentially we focused on the metro Detroit  
2 area, which you could take up to Flint on the north  
3 side and out to Ann Arbor on the west side, but that  
4 metro Detroit area is what we were referring to.

5 Q. When you looked for what we're calling competitive  
6 municipalities.

7 A. Yes.

**Pg: 116 Ln: 8 - Pg: 117 Ln: 5**

### **Designation:**

116: 8 Q. Now, I want to go to a third concept which we did  
9 discuss which was just the notion of a comparable  
10 municipality that might be out there in the United  
11 States, even if it's geographically remote from  
12 Detroit, it's a city that you might look at because

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13           it's similar to Detroit. Do you remember we talked  
14           about that?

15   A.   Yes.

16   Q.   What would you say are the most comparable  
17           municipalities from your standpoint when it comes to  
18           this notion of benchmarking?

19   A.   There are some of the municipalities that we  
20           benchmarked just from a size perspective include, and  
21           I'm going off the top of my head, but I believe  
22           Cleveland, St. Louis, Memphis, I think we may have  
23           done Charlotte, North Carolina. There may have been  
24           others as well.

25   Q.   That's very helpful. Those are sort of four that  
117: 1           definitely come to mind, right?

2   A.   Yes.

3   Q.   Do you know if there were others that you just can't  
4           remember?

5   A.   There probably were, maybe one or two others.

**Pg: 117 Ln: 19 - 22**

### **Designation:**

117:19   Q.   We've now marked the proper Exhibit 2, which I hope is  
20           your declaration with respect to post petition  
21           financing motion.

22   A.   Yes, it appears to be.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

**Pg: 118 Ln: 11 - Pg: 119 Ln: 25**

**Designation:**

118:11                               What I wanted to ask you about was the last  
12                               sentence of this paragraph where you said, "Without  
13                               borrowed funds, there is a material risk that the City  
14                               would have to substantially cut back or eliminate its  
15                               reinvestment efforts in the near term, and the City's  
16                               ability to invest in the future would continue to be  
17                               hamstrung and imperiled by the City's ongoing  
18                               financial constraints," do you see that?

19    A.    Yes.

20    Q.    What are the ongoing financial constraints that you're  
21           referring to there?

22    A.    The City's existing financial condition that it  
23           operates under today.

24    Q.    How does borrowing the funds free it from, or allow it  
25           to not be hamstrung by the ongoing financial  
119: 1           constraints?

2    A.    Borrowing these funds allow for the spending on the  
3           restructuring and reinvestment initiatives, and we  
4           believe that those will not only support the revenue,  
5           continued revenue, but also to facilitate the other  
6           aspects that we've included in the projections in  
7           terms of revenue increases, revenue initiatives.

8    Q.    So when you talk about the, and I think you said that  
9           the ongoing financial constraints are the current

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 operating expenses of the City?

11 A. It's meant more that the current financial condition  
12 of the City.

13 Q. Okay. The reason I'm asking of course is, for  
14 example, like the City as I understand it is not  
15 making payments on its so-called cop debt, are you  
16 aware of that fact?

17 A. Yes, I am.

18 Q. Okay. So I take it to mean that that's a financial  
19 constraint that is not currently limiting whatever the  
20 City wants to do, do you understand what I mean?

21 A. I do understand, yes.

22 Q. Do you agree?

23 A. That is not a constraint, correct. The City has a  
24 variety of other constraints though and just in terms  
25 of operating on a day-to-day basis.

**Pg: 120 Ln: 6 - 10**

### **Designation:**

120: 6 Q. I was thinking the City is making certainly OPEB  
7 contributions to both employees and retirees, correct?

8 A. The City pays healthcare, and OPEB specifically  
9 referring to retirees, as those expenses are incurred,  
10 so yes, those continue to be paid.

**Pg: 120 Ln: 11 - 18**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

**Designation:**

120:11 Q. It's also making pension contributions, correct?  
12 A. That is not correct.  
13 Q. That is not correct. Has it deferred the full amount  
14 of its pension contribution?  
15 A. Yes. There may be some amount of pension  
16 contributions coming from the water and sewer  
17 departments, but the general fund is not making any  
18 contributions to the pension funds.

**Pg: 120 Ln: 19 - 23**

**Designation:**

120:19 Q. And with respect to the OPEB, it's my understanding  
20 that the OPEB is around \$15 million a month for  
21 retirees, is that correct?  
22 A. Generally I understand that to be the general amount,  
23 yes.

**Pg: 120 Ln: 24 - Pg: 122 Ln: 6**

**Designation:**

120:24 Q. Do you understand what I mean when I say that the  
25 claim for OPEB is treated in the proposal to creditors  
121: 1 as a general unsecured claim?  
2 A. I do, yes.



**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

3 Q. And that's accurate, right?

4 A. Yes.

5 Q. And in fact the OPEB to retirees, that's been paid  
6 since the filing of the bankruptcy, correct?

7 A. Yes.

8 Q. And so let's see, it's, I'll do it like this. So  
9 August 17th -- December, mid-December will mark five  
10 months of that, correct?

11 A. Yes.

12 Q. And I think there's been a deal struck to extend that  
13 two months past the new year, is that correct?

14 A. That's my understanding, yes.

15 Q. So that would be about seven and a half months of  
16 retiree OPEB, correct?

17 A. Yes.

18 Q. And at an average of \$15 million, that's slightly more  
19 than \$100 million in aggregate, is that correct?

20 A. I don't know what the actual amount is. Again, just  
21 to clarify, healthcare expenses for retirees are paid  
22 as they are incurred; so there's not a contribution to  
23 a fund or payments to retirees being made. This is  
24 payment of their health expenses.

25 Q. Sorry, fair qualification. Did I get the approximate  
122: 1 amount right?

2 A. Based on my understanding, yes. What the actual  
3 amount of healthcare expenses that have been incurred  
4 and paid, it could vary from that, but on average the

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 numbers that you've cited are my understanding as  
6 well.

**Pg: 122 Ln: 7 - Pg: 123 Ln: 11**

### **Designation:**

122: 7 Q. Now, those are numbers that you are including in the  
8 concept of a financial constraint of the City  
9 currently, right?

10 A. Yes.

11 Q. Are there any other payments to unsecured creditors  
12 that are being made presently, post petition, that are  
13 in this concept of ongoing financial constraints?

14 A. There are some prepetition trade vendors that are  
15 still being paid, but I do want to clarify that when I  
16 said financial constraints, and I clarified here in  
17 your questioning, indicating the current financial  
18 condition, I was not referring to only payments that  
19 have to be made.

20 The inability to, for the City to have the  
21 right number of workers as an example, those are  
22 constraints that contribute to the current financial  
23 condition of the City.

24 Q. That's correct, but this sentence begins "without  
25 borrowed funds."

123: 1 A. Yes.

2 Q. So I assume it's saying without borrowed funds, we

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 3 don't have enough money to operate in the current  
4 condition as we are operating and do the reinvestment  
5 initiatives?
- 6 A. Yes.
- 7 Q. So I'm trying to understand what the constraints are  
8 financially that require the borrowing.
- 9 A. Yes.
- 10 Q. Make sense?
- 11 A. Yes.

**Pg: 124 Ln: 2 - 15**

### Designation:

- 124: 2 Q. Do you believe that the City of Detroit is insolvent  
3 as we sit here today?
- 4 A. Yes.
- 5 Q. Does the Quality of Life note, the borrowings that are  
6 associated with the Quality of Life note, does it  
7 deepen the City's insolvency in your view?
- 8 A. No.
- 9 Q. And why not?
- 10 A. The borrowings that would be under the Quality of Life  
11 note, and let's just continue to use the \$120 million  
12 that we referred to, essentially facilitates some of  
13 the expenditures that we believe are very important  
14 for the City to stabilize and then to improve its  
15 finances.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 124 Ln: 21 - Pg: 128 Ln: 10

### Designation:

124:21 Q. If the City takes on an additional say 120 million in  
22 debt associated with the Quality of Life note and  
23 spends that money on services, it may enhance the  
24 Quality of Life in the city of Detroit as its name  
25 suggests, but at the end of it, the City will have

125: 1 additional debt without a commensurate additional  
2 amount of assets.

3 A. Well, we don't know about the, whether there will be  
4 commensurate amount of additional assets. Part of  
5 this, I think getting to your question, is when that  
6 Quality of Life loan would have to be repaid.

7 Q. Why does that matter?

8 A. Well, insolvency as we've just been talking about in  
9 the Chapter 9 context is the ability to pay the debts  
10 as they become due; so if we were talking about having  
11 to repay 120 million immediately, that might be a  
12 different answer than if this 120 million had to be  
13 repaid over some period of time.

14 Q. Because in the process you would have adjusted the  
15 remainder of your debts and rendered yourself now able  
16 to service the Quality of Life note?

17 A. That or the City will be operating better. It may  
18 have more resources to pay the Quality of Life loan.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

19 Q. Take a look at paragraph 11 where you say:

20 "The sums borrowed in connection with the  
21 Quality of Life financing are designed to be a  
22 manageable and responsible amount of debt load that  
23 the City can service, while at the same time making a  
24 meaningful investment into the City's infrastructure  
25 and labor requirements."

126: 1 Do you see that?

2 A. Yes.

3 Q. Are you able to say today that the City's debt load  
4 upon exiting bankruptcy will be manageable?

5 A. The way that we have modeled this in the cash forecast  
6 is under this scenario that the City does not get exit  
7 financing to repay this Quality of Life loan, and it  
8 has to be amortized over a four-year period. The  
9 amounts that would have to be repaid essentially are  
10 within the City's means to repay that, those amounts  
11 in that time period.

12 Q. Assuming what other level of debt?

13 A. Assuming the same items that we have included in the  
14 creditor proposal for debt across the board for the  
15 various items.

16 Q. So if you assume, for example, that the creditors got  
17 the \$2 billion pot of bonds, under that assumption  
18 this incremental borrowing is manageable. Fair  
19 statement?

20 A. Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

21 Q. Is there an amount, is there a point at which the pot  
22 of bonds available to creditors would be so large that  
23 it plus the Quality of Life financing would not be  
24 manageable for the City?

25 A. It depends on the terms of those bonds.

127: 1 Q. If the terms of the bonds required ongoing debt  
2 service like the Quality of Life note required, is it  
3 possible that it could become unmanageable?

4 A. It's possible. Again, it depends on what those terms,  
5 the amount and what the terms are.

6 Q. I guess I think I asked you earlier in terms of  
7 responsibility, so hopefully I'm not reasking this  
8 question, but it is fair to say that you have not  
9 personally reached a conclusion about whether the  
10 proposed recovery that was included in Mr. Orr's  
11 June 14th proposal was a fair and equitable one to the  
12 City's general unsecured creditors, correct?

13 A. That is correct, I have not made any conclusion along  
14 those lines.

15 Q. Do you know whether you expect to consider that  
16 subject in the future? Will you be the person that  
17 testifies on that subject later on?

18 A. I'm not sure.

19 Q. You don't know. Okay. You haven't been asked to yet.

20 A. Correct.

21 Q. In paragraph 11 you first say, I'm in the second  
22 sentence now, Mr. Moore, you say:

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

23 "While the City may ultimately decide to  
24 apply the proceeds of the Quality of Life financing to  
25 pursue an array of specific projects, at this time the  
128: 1 City intends to prioritize and devote the proceeds of  
2 the Quality of Life financing to three primary areas:  
3 public safety, information technology upgrades and  
4 blight removal?"

5 Do you see that?

6 A. Yes.

7 Q. It's fair to say, is it not, that the City is not  
8 committing itself in your understanding to spending  
9 the money consistent with the primary areas that you  
10 laid out in your affidavit, is that correct?

**Pg: 128 Ln: 13 - Pg: 131 Ln: 3**

### **Designation:**

128:13 A. Could you restate the question, please?

14 BY MR. HACKNEY:

15 Q. I can try. In your understanding, isn't it true that  
16 the City is not today committing itself to spend the  
17 Quality of Life note proceeds in any particular  
18 fashion, correct?

19 A. I think it's fair to say that the City is not  
20 committing itself to spending, or obligating itself to  
21 spend money on specific projects.

22 Q. Okay. So you have given the City, you have given the

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

23 Court through your declaration an indication of what  
24 the City intends to do, right?

25 A. Yes.

129: 1 Q. But the City reserves the right to change its mind.

2 A. Yes.

3 Q. Just so we're on the same page, there are actually  
4 like four romanettes, they are public safety, ITS,  
5 blight, and finance.

6 A. Yes, sir.

7 Q. Do you consider the finance function changes to be  
8 mainly IT related, so do you think of them as being  
9 included in the information technology upgrades?

10 A. That is a significant element of the finance side.

11 Q. That's why you said three primary areas?

12 A. Yes.

13 Q. As you sit here today, are you aware of any other  
14 projects that are outside the three primary areas  
15 where you intended or you expressed an intention of  
16 the City to spend?

17 A. Yes.

18 Q. On which the City may spend the money?

19 A. Yes.

20 Q. What are they?

21 A. There are a whole host of projects that are in the  
22 forecast for restructuring and reinvestment that don't  
23 necessarily fall into one of those categories.

24 As an example, we have hiring needs in the



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25           General Services Department, and that is included in  
130: 1           the restructuring initiatives, but I did not cite that  
2           here in this declaration.

3                           There are facility improvements for the  
4           Department of Transportation that are necessary but I  
5           did not include those here. There are a whole host of  
6           individual items that are included in the  
7           restructuring and reinvestment but I did not focus on  
8           here.

9    Q.    Make sure I understood. Are you saying there are some  
10           other projects out there that are rivals for the 120  
11           million approximate Quality of Life note proceeds that  
12           may get some of it, or are you saying there are  
13           additional areas of spending outside of the three  
14           primary areas that will be covered by the  
15           approximately 120 million proceeds?

16   A.    The latter.

17   Q.    Got it. I see. So what you were saying in paragraph  
18           11 was, I'm going to describe the three primary areas  
19           but you should know that there are other areas that  
20           will receive, that we anticipate will receive some of  
21           the proceeds.

22   A.    Yes.

23   Q.    Got it. I wasn't sure if you were saying something  
24           else and that clarifies it.

25                           Do you understand that there's the  
131: 1           possibility that for whatever reason that the swap

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 termination may not be exercised by the City?

3 A. I have not spent time on the swap termination.

**Pg: 131 Ln: 4 - Pg: 132 Ln: 11**

### **Designation:**

131: 4 Q. Okay. You understand that the swap termination is a  
5 sizeable component of the \$350 million DIP loan?

6 A. Yes.

7 Q. Do you also understand just as a logical matter that  
8 circumstances may intervene where the swap is not  
9 terminated?

10 A. As I say, I really have not spent time on the swap  
11 termination side.

12 Q. Okay. What I'm trying to ask is, do you know if the  
13 swap were not to be terminated for whatever reason  
14 whether the City intends to redeploy the approximately  
15 \$230 million previously thought of as the swap  
16 termination payment for near term Quality of Life  
17 initiatives?

18 A. I don't know.

19 Q. You don't know. Is the City in a position where it  
20 could deploy \$350 million in the next six months if  
21 that were to occur?

22 A. Potentially. We have not looked at that, but it's  
23 possible.

24 Q. You haven't been asked to make any assessment of that

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

25 as you sit here today?

132: 1 A. Correct.

2 Q. Because that's not what the City anticipates doing  
3 with the money?

4 A. Correct.

5 Q. Is it fair to say that while it is possible, you don't  
6 know one way or the other whether the City could  
7 deploy that much cash in the next six months?

8 A. Correct. It could be possible, but unless and until  
9 we undertake that analysis, I'm not comfortable saying  
10 whether or what the likelihood is that the City could  
11 do that.

**Pg: 132 Ln: 12 - Pg: 134 Ln: 2**

**Designation:**

132:12 Q. With respect to the City's general fund, that's  
13 somewhere in the range on an annual basis of a billion  
14 one a year, right?

15 A. Yes, in revenue.

16 Q. In revenue. \$350 million in additional financing  
17 proceeds would be somewhere in the order of 30 to 33  
18 percent of that amount, right?

19 A. Yes.

20 Q. Can you give me a sense of with respect to the three  
21 primary areas, public safety, information technology  
22 upgrades, and blight removal, how much you anticipate,

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

23 as you sit here today, each will receive from the  
24 Quality of Life proceeds?

25 A. We have again been treating, as you stated earlier,  
133: 1 money is fungible, so we don't have a direct tie  
2 between this dollar of financing and its use. I can  
3 tell you, again breaking those two apart, how much we  
4 plan to spend on these areas over time, but it's that  
5 direct tie that we have not been looking at.

6 Q. I guess it's a little bit of a mismatch, right?  
7 Because it's not like the Quality of Life proceeds are  
8 the only amounts that you have to spend on  
9 reinvestment, correct?

10 A. That's right.

11 Q. And that's in part because the City's cash coffers  
12 have risen above that \$50 million threshold that you  
13 set as one of your goals for the City, right?

14 A. Well, as we sit here today, that's the natural ebb and  
15 flow of cash during the year. The City's high point  
16 of its cash balance tends to be in the fall after  
17 property tax, property taxes are received.

18 Q. Okay. I guess what I was driving on is there very  
19 well may be reinvestment initiative monies that come  
20 from sources other than the Quality of Life proceeds.

21 A. That's right.

22 Q. So it's sort of like we can think about two separate  
23 concepts, one of them is what are the reinvestment  
24 initiatives and then the other is what amount of that

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 will come from a Quality of Life note, do you  
134: 1 understand?  
2 A. I do, yes.

**Pg: 134 Ln: 3 - Pg: 135 Ln: 8**

### **Designation:**

134: 3 Q. Let me go to the first concept first, which is in the  
4 next six months, what does the City intend to spend in  
5 the aggregate in the areas of public safety?  
6 Reinvestment initiative public safety.

7 A. I don't have the specific numbers off the top of my  
8 head. Let me tell you how this has been established.  
9 We have a forecast that's on a monthly basis and it is  
10 in fairly detailed categories.

11 Within police there are multiple  
12 categories; within fire there are multiple categories;  
13 and just to give you examples of the categories, we  
14 have labor, so hiring additional people, we have fleet  
15 requirements, fleet refers to vehicles, we have  
16 facility requirements, and we have information  
17 technology-related items.

18 So it's very difficult without having the  
19 forecast in front of me, which has a lot of detailed  
20 information on it, to give you one precise number for  
21 all of public safety.

22 Q. Certainly I think it would be tough to ask someone for

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 23 a precise number, but can you give me a range, like  
24 are you able to say public safety's about 40, IT is  
25 about 50, blight is about 60? And I'm talking over  
135: 1 the next six months.
- 2 A. Yes. I would hesitate to point out specific numbers  
3 without that forecast in front of me.
- 4 Q. Okay. These forecasts, are these ones that you are  
5 delivering to the FA's on a semi-regular basis, making  
6 presentations to them to show them what your work  
7 shows about the anticipated reinvestments?
- 8 A. Yes.

**Pg: 136 Ln: 10 - Pg: 137 Ln: 1**

### **Designation:**

- 136:10 Do you know approximately how much Detroit  
11 spent on its Police Department in fiscal year 2013?
- 12 A. Fiscal year 2013, I would have to give you a rough  
13 estimate, but I believe it would be somewhere in the  
14 neighborhood of perhaps 300 to \$350 million.
- 15 Q. That was on the Police Department?
- 16 A. Yes.
- 17 Q. And do you know how that approximate amount of  
18 spending compares to the comparable municipalities,  
19 not the competitive municipalities, but the comparable  
20 municipalities you described to me earlier?
- 21 A. There are a variety of comparables that we've looked

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

22 at in terms of the number of officers per square mile,  
23 the number of officers per resident, those types of  
24 items, so we compare it more along those lines. Off  
25 the top of my head, I don't know if we have compared  
137: 1 total budgets between these other municipalities.

**Pg: 137 Ln: 2 - 8**

### **Designation:**

137: 2 Q. So do you have work product at Conway MacKenzie that  
3 does comparable analysis to the comparable cities we  
4 were talking about on the specific subject of  
5 policing?  
6 A. There are a number of items that we have and certainly  
7 that other parties have put together as part of this  
8 case as well.

**Pg: 138 Ln: 13 - Pg: 139 Ln: 5**

### **Designation:**

138:13 We've discussed earlier the idea that this  
14 proposal for creditors included a billion 250 of  
15 restructuring and reinvestment initiatives, is that  
16 correct?  
17 A. Yes.  
18 Q. And it in fact does, right?  
19 A. Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 Q. This plan though we've also discussed did not  
21 contemplate that there would be a bankruptcy filing,  
22 correct?

23 A. Correct.

24 Q. It's my understanding that you have reevaluated the  
25 timing of the restructuring and reinvestment

139: 1 initiatives in light of the bankruptcy filing, is that  
2 correct?

3 A. Not necessarily in light of the bankruptcy filing,  
4 just given where we are today and the timing of cash  
5 becoming available for the initiatives.

**Pg: 139 Ln: 6 - 17**

### **Designation:**

139: 6 Q. I have another document that we'll get to in a bit  
7 that's a presentation that you made to the FA's in  
8 November.

9 A. Yes.

10 Q. And what it shows to me is the same amount of  
11 restructuring and reinvestment initiatives but just  
12 that they have been deferred from July of 2013,  
13 thereabouts, to January of 2014.

14 A. That's generally correct. Essentially the -- your  
15 statement, which is it's still a billion 250, is  
16 correct, my only point was the timing did not change  
17 just because of the bankruptcy filing.



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

**Pg: 139 Ln: 24 - Pg: 140 Ln: 13**

**Designation:**

139:24 Q. What I want to confirm is, while the current plan is  
25 to begin the restructuring and reinvestment

140: 1 initiatives, capital R & R, in January of 2014, the  
2 plan with respect to how much to spend and what it  
3 would be spent on remains consistent with what you  
4 thought back in June of 2013.

5 A. Yes.

6 Q. So for better or for worse I was working off this  
7 document when I was trying to understand the amounts  
8 that would be spent on some of these subcategories,  
9 and you can let me know if this ends up not being  
10 indicative of the current plan. My expectation is  
11 that it will be relatively consistent given your prior  
12 answer.

13 A. Yes.

**Pg: 140 Ln: 14**

**Designation:**

140:14 Q. So take a look at page 62 of the June 2014 proposal.

**Pg: 141 Ln: 14 - Pg: 142 Ln: 8**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

141:14 Q. So subject to remembering that there may be some  
15 variances, your counsel's pointed out there, take a  
16 look at page 62. Okay? If I understand what this is,  
17 this represents the amount of reinvestment initiatives  
18 and restructuring expenses, both of them, over the  
19 five years beginning with fiscal year 2014. Do you  
20 see that?

21 A. Yes.

22 Q. And by the way, the years in Detroit end in June --  
23 right? -- the fiscal years?

24 A. Correct. June 30th is the fiscal yearend date.  
25 Fiscal year '14 refers to the fiscal year ending

142: 1 June 30th, 2014.

2 Q. Okay. So this was made, this proposal was made two  
3 weeks before the end of the 2013 fiscal year.

4 A. Yes.

5 Q. And it was showing people here's the next five years  
6 almost from today in terms of how we're going to spend  
7 money.

8 A. Yes.

**Pg: 142 Ln: 9 - 15**

### Designation:

142: 9 Q. Now, if you take a look at this, by my calculation  
10 this anticipates approximately 85 million of public

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 11 safety spending over the ensuing five years.
- 12 A. Okay.
- 13 Q. Does that seem about right?
- 14 A. Looks to me like about \$95 million.
- 15 Q. It would be perfect for me to be off. You're right.

**Pg: 142 Ln: 16 - Pg: 143 Ln: 12**

### Designation:

- 142:16 So \$95 million. I stand corrected. \$95 million over
- 17 the ensuing five years.
- 18 A. Yes.
- 19 Q. And this is across police, fire, and EMS, is that
- 20 correct?
- 21 A. No, that is police.
- 22 Q. And fire and EMS are separate.
- 23 A. Correct.
- 24 Q. And then it has the relative breakdown of the
- 25 anticipated spend via the facility cost, fleet update,
- 143: 1 and technology, do you see that?
- 2 A. Yes.
- 3 Q. Are personnel additions included in any of these
- 4 numbers or are they incremental to the 95 million?
- 5 A. If I recall correctly, the personnel are incremental
- 6 to these items.
- 7 Q. And do you have, do you know how much is anticipated
- 8 to be spent on increasing the personnel at the Police

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 Department?  
10 A. I don't have the number off the top of my head, but  
11 generally speaking it's an incremental increase of  
12 around 275 heads.

**Pg: 143 Ln: 13 - 22**

### **Designation:**

143:13 Q. Okay. And maybe the way I can use Mr. Hamilton's  
14 document best is to say to the extent these numbers  
15 changed in the process of what we've previously talked  
16 about as a deferral in time, if the numbers themselves  
17 also change, you expect it would be contained in that  
18 variance sheet?  
19 A. The total numbers across the 10-year period have not  
20 changed, so as I confirmed before, the billion 250 is  
21 still a billion 250. The timing would be reflective  
22 of that schedule, in that schedule.

**Pg: 143 Ln: 23 - Pg: 145 Ln: 1**

### **Designation:**

143:23 Q. And the specifics, right? I mean, because what I'm  
24 asking is, do you know if you reallocated amounts from  
25 facilities to fleet, for example?  
144: 1 A. We did not.  
2 Q. You did not. Do you know if you reallocated amounts

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

3           from police to fire?

4   A.   Did not.

5   Q.   So is it fair to say that all of the numbers shifted  
6           back in time to January 2014?

7   A.   Yes.  There may be, and I'm just saying this, I don't  
8           know for sure, there might be some very minor changes,  
9           but I think everything in terms of total amounts is  
10          still the same over the 10-year period and it has only  
11          been timing changes.

12  Q.   So just so I understand that document, do you know  
13          what we're talking about here?

14  A.   I do.

15  Q.   Were you able to see this?

16  A.   Yeah.

17  Q.   Is the variance that would exist between January '14  
18          under the creditor proposal and January '14 under the  
19          current plan, that variance would likely be because  
20          monies from the last six months of 2013 are now kind  
21          of getting layered on top of the previously  
22          anticipated spending for the first six months of 2014?

23  A.   That's right.

24  Q.   Okay.  I see.  So the variance really helps you just  
25          track the deferral.

145: 1   A.   That's correct.

**Pg: 145 Ln: 13 - Pg: 146 Ln: 3**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

145:13 Q. Now, it's been widely reported in the press that the  
14 average response times in the city of Detroit were 58  
15 minutes, have you heard that number?

16 A. I have, yes.

17 Q. Do you know where that number comes from?

18 A. I believe that came from the FBI crime statistics.

19 Q. Which -- which is data that the FBI collects from the  
20 City of Detroit?

21 A. That's correct. And we would have actually received  
22 it from the department rather than the FBI directly.

23 Q. Is it your recollection that you were given that  
24 number by the Police Department?

25 A. Yes.

146: 1 Q. What is the national average response time?

2 A. I don't recall off hand. I would have to go back and  
3 look at my notes.

**Pg: 146 Ln: 4 - 14**

### Designation:

146: 4 Q. Have you read in the last six months, there was a Wall  
5 Street Journal article on this very subject,  
6 specifically relating to Detroit's emergency response  
7 times and how they compared?

8 A. Over the last six months there have been so many  
9 articles, I'm not sure which one specifically you're

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 referring to.

11 Q. There have been a lot, especially about this case, but  
12 I thought this one is one you might remember. I have  
13 it if you would like to take a look at it.

14 A. Sure.

**Pg: 146 Ln: 24 - Pg: 147 Ln: 8**

### **Designation:**

146:24 Q. Okay. For example, let me ask you some specific  
25 questions. We won't spend too much time on this but I  
147: 1 want to use it as a jumping off point to ask you some  
2 questions about the concept of response times.

3 For example, if you look in the third  
4 paragraph, this Wall Street Journal article is saying,  
5 there's no standard way they say, he's referring to  
6 law enforcement experts and former and current police  
7 chiefs, for cities to measure response times which can  
8 vary according to many factors.

**Pg: 147 Ln: 15 - 18**

### **Designation:**

147:15 Q. Do you know whether that's true?

16 A. I do understand that there are nuances in terms of how  
17 departments may track numbers that may vary from  
18 department to department.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

**Pg: 147 Ln: 19 - Pg: 150 Ln: 5**

**Designation:**

147:19 Q. For example, do you know that some other police  
20 departments don't track time by reference to when the  
21 911 call comes in, they track it by reference to when  
22 the police officer is made aware of the 911 call?

23 A. I have been told that.

24 Q. And do you know that isn't it true that Detroit has  
25 decided to shift to that metric?

148: 1 A. That is my understanding.

2 Q. Do you understand that if you measure it from the time  
3 that the call comes in, it will be a longer period of  
4 time that will be your response time if you compare it  
5 to the clock starting when the officer learns of the  
6 need for the call?

7 A. Naturally if you add an activity it's going to be  
8 longer, yes.

9 Q. At the bottom of this page there's a reference to  
10 something that you I think maybe had heard before, but  
11 tell me if you haven't. Detroit's police chief  
12 himself, the new police chief was quoted in this  
13 article talking about how the Detroit police were  
14 really doing with respect to true emergencies. Do you  
15 see that?

16 A. Yes.



**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

17 Q. Do you remember his comments on this subject at that  
18 time?

19 A. I do generally remember he had some comments along  
20 these lines, yes.

21 Q. He said here that he conducted a study that response  
22 times last year to true emergencies averaged  
23 approximately 15 minutes, do you see that?

24 A. Yes.

25 Q. Do you have a basis to disagree with him on that?

149: 1 A. I do not have a basis.

2 Q. And do you know how -- do you know how 15 minutes  
3 compares to the national average for true emergencies?

4 A. As you just pointed out, I don't know what the  
5 national average would be on an apples to apples  
6 basis, specifically how Chief Craig looked at this.

7 Q. Okay. So you don't know it because you don't have it  
8 in front of you today or is that not something you've  
9 looked at before?

10 A. I don't know exactly what he did to calculate the  
11 15-minute response time, and because of that, I'm not  
12 aware of us having anything that would have that same  
13 analysis for other cities.

14 Q. Okay. So when you talked about the 58-minute response  
15 time.

16 A. Yes.

17 Q. What is your understanding of what that measured?

18 A. That is how the department measures what they refer to

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

19 as police response time. From the time that a call  
20 comes in until someone responds to the incident, that  
21 would be 58 total minutes.

22 Q. Across all 911 calls.

23 A. I believe that's the case.

24 Q. And do you know what the national average is for  
25 police response times across all 911 calls received by  
150: 1 that police department?

2 A. Well, the 11 minutes that is cited in here is, that  
3 refreshed my memory in terms of the national average,  
4 and that's the number that we have from a national  
5 basis.

**Pg: 150 Ln: 6 - Pg: 151 Ln: 11**

### Designation:

150: 6 Q. So just when I'm reading this, it says police are  
7 arriving at urgent calls much sooner than 11 minutes,  
8 I didn't see elsewhere, I saw previously:

9 "Detroit's emergency manager, Kevyn Orr,  
10 and Michigan Governor Rick Snyder have compared the  
11 city's response time with a nationwide average of 11  
12 minutes but it's not clear where that figure comes  
13 from."

14 Do you see that?

15 A. Yes.

16 Q. Do you know where the 11-minute figure comes from?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

17 A. We would have received the information from the  
18 department itself; where the department I believe gets  
19 its information is from the FBI crime statistics.

20 Q. Okay. So to the best of your knowledge I should be  
21 able to -- do you know if these are publicly  
22 available?

23 A. Given that we received this information, and that the  
24 department had it, I would guess that it's publicly  
25 available.

151: 1 Q. I think it is as well, but I just want to clarify your  
2 testimony, which is you think that I should in theory  
3 be able to go to the NCIS website or whatever it is  
4 for the FBI and get data reflecting the national  
5 average for 911 response times and compare, be able to  
6 compare that to Detroit's, is that correct?

7 A. I'm not sure if you can get it there or not but it  
8 seems like because the department has this information  
9 that it is publicly available. I don't know if it's  
10 just given to law enforcement officials or if it's  
11 given to anyone.

**Pg: 151 Ln: 12 - 19**

### **Designation:**

151:12 Q. Now, has anyone at Conway MacKenzie undertaken an  
13 effort to study whether 911 response times across all  
14 911 calls is the best way to measure police

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 performance?  
16 A. In working with Chief Craig right now, we are in the  
17 process of establishing what the performance metrics  
18 are going to be that the department will use to track  
19 and monitor its progress.

**Pg: 151 Ln: 20 - Pg: 152 Ln: 5**

### **Designation:**

151:20 Q. Okay. I take it if they use different performance  
21 metrics from the average responsetime across all  
22 calls, that may change the starting point as well.  
23 A. Yeah. What's important here is that coming up with a  
24 defined measurement is very important, and then using  
25 that same measurement to track progress is the key.  
152: 1 Whether you start at one point, which is lower, or  
2 higher, you want to measure your progress.  
3 Q. And as we sit here today, Chief Craig is in process at  
4 setting that bogie, correct?  
5 A. Yes.

**Pg: 152 Ln: 6 - 10**

### **Designation:**

152: 6 Q. Have you been able to size the expense of improving  
7 response times to the national average?  
8 A. There is not a direct relationship where you can say

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 if we spend exactly this amount of money, then we will  
10 be able to get this specific improvement.

**Pg: 152 Ln: 11 - 25**

### **Designation:**

152:11 Q. That's fair. I do think though at some level there's  
12 an is this possible with any amount of money question  
13 that you have to ask before you set the benchmark, is  
14 that fair?

15 A. Certainly Chief Craig with his experience, as well as  
16 we've worked with the Bratton Group and Manhattan  
17 Institute, we focus in on what are the key items that  
18 will help improve response rate.

19 Now, can we, do we know specifically what  
20 is necessary to get to a particular response rate?

21 No, it's just not a linear relationship like that.

22 But these items, that certainly these well  
23 respected and very well versed veterans in the law  
24 enforcement industry know what the factors are that  
25 will help improve response time.

**Pg: 153 Ln: 1 - 10**

### **Designation:**

153: 1 Q. Is Chief Craig one of the most important components in  
2 this analysis?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 3 A. Yes, Chief Craig sets the direction for the  
4 department.
- 5 Q. And in fact, so he's the person that you're  
6 principally liaising with in terms of determining  
7 what's a reasonable goal for something like reduction  
8 of response times as well as how to effectuate it and  
9 what it might cost?
- 10 A. Yes.

**Pg: 153 Ln: 13 - Pg: 154 Ln: 1**

### Designation:

153:13 BY MR. HACKNEY:

- 14 Q. My understanding is that Chief Craig began work late  
15 in June of 2013, is that correct?
- 16 A. That's the approximate time frame, yes.
- 17 Q. He came after the proposal to creditors was done,  
18 correct?
- 19 A. He started to do some work during the month of June  
20 but I believe that it was after that, the publication  
21 of that plan.
- 22 Q. So your work in terms of your recommendations to  
23 Mr. Orr was already sufficiently refined to be  
24 included in the proposal to creditors before the new  
25 police chief started, correct?
- 154: 1 A. Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 155 Ln: 6 - 19

### Designation:

155: 6 Q. Okay. Maybe I'll just bracket it until we get to that  
7 later document and maybe I just misunderstood it. I  
8 thought I saw a line entry on one of the presentations  
9 you'd made that said Chief Craig finishes his  
10 restructuring plan in October of 2013. Does that ring  
11 a bell?

12 A. Yes. So to clarify that, the chief is going to be the  
13 individual that has ownership for this plan. The plan  
14 of action as it's called is something that we are  
15 working with the chief on.

16 So there is not, there are -- there are not  
17 two different plans. The plan of action incorporates  
18 this as well as policing strategies for the  
19 comprehensive plan of action for the department.

Pg: 155 Ln: 20 - Pg: 156 Ln: 15

### Designation:

155:20 Q. I see. So the ideas that you had for ways to improve  
21 the department are what we'll call the Conway  
22 MacKenzie police restructuring initiatives, and you're  
23 saying he's working with you now to take those and  
24 build them into a larger police restructuring plan  
25 that he hoped to complete in October of 2013 that

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

156: 1 included things like a vision for policing and so on  
2 and so forth.

3 A. Yes. The work product of the Bratton Group and  
4 Manhattan Institute on policing strategy, which was  
5 delivered I think around the end of September or so,  
6 was a key input.

7 All of these restructuring and reinvestment  
8 initiatives were key inputs. Chief Craig also brought  
9 to bear what his view on policing and the vision of  
10 the department should be. All of that is coming  
11 together into the comprehensive plan of action.

12 Chief Craig is the owner of that. So when  
13 we say he is publishing his plan, that's what we're  
14 referring to. We are integral to the development of  
15 that plan of action with him.

**Pg: 156 Ln: 16 - Pg: 157 Ln: 6**

### **Designation:**

156:16 Q. Both the Bratton work product and the chief's work  
17 product, whether it's incremental or new or however  
18 you describe it, are things that were not finalized  
19 until after the City had gone to market to borrow the  
20 DIP funds, is that correct?

21 A. Well, from the standpoint of there are elements in  
22 that that are still getting tweaked right now;  
23 however, the spending, especially as it relates to



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

24 labor, information technology, facilities and fleet,  
25 that was decided long ago.

157: 1 When Chief Craig came in, one of the first  
2 things that was reviewed with him were these items,  
3 and Chief Craig got comfortable with those. What  
4 we're really talking about in terms of additional  
5 items that have occurred since then has to do a lot  
6 with policing strategy.

**Pg: 157 Ln: 7 - 19**

### **Designation:**

157: 7 Q. Okay. So the things that you spend money on he signed  
8 up to prior to the time the DIP was sourced, but he's  
9 continuing to work on how police officers do policing.

10 A. Correct.

11 Q. Now, it's my understanding that the chief, is it  
12 correct that he got done with his what we're calling  
13 his work restructuring plan, which I know incorporates  
14 prior and other people's work, he got done with that  
15 in October of 2013, is that true?

16 A. No. He actually has still not published it  
17 officially.

18 Q. Is he still working on it to your knowledge?

19 A. When I say "he," we are working on it with him.

**Pg: 157 Ln: 25 - Pg: 159 Ln: 13**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

**Designation:**

- 157:25 Q. Whoever's working on the police restructuring plan,  
158: 1 they're still working on it as we speak.
- 2 A. Yes.
- 3 Q. So do you know when he's going to get done with, when  
4 you all are going to get done with that?
- 5 A. I anticipate, well, it can always change, but it is  
6 substantially complete and I would guess perhaps in  
7 the next two weeks that that should be getting  
8 published.
- 9 Q. So before the end of the year.
- 10 A. Yes.
- 11 Q. All told, fair to say that it took Chief Craig working  
12 in conjunction with you and others approximately six  
13 months to come up with a comprehensive restructuring  
14 plan for the Police Department?
- 15 A. No, I don't think so. The fact that it hasn't been  
16 published yet doesn't mean that the majority of the  
17 work took six months to complete.
- 18 Q. Five months?
- 19 A. No, I would say once the Bratton Group work was done,  
20 we're talking about a couple-month process to pull  
21 together the plan of action.
- 22 Q. Two months or --
- 23 A. Yeah, I would say so.
- 24 Q. So he -- he's been ready with his restructuring plan

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 in conjunction with you all since late August 2013?

159: 1 A. No. The comprehensive plan of action, pulling it all  
2 together didn't begin until, in terms of the document  
3 that I'm referring to, didn't begin until end of  
4 September when Bratton Group published its findings.

5 Q. Oh, I see.

6 A. And recommendations.

7 Q. So it's been since that time?

8 A. Yes.

9 Q. Since you've been knitting it all together.

10 A. Yes.

11 Q. And obviously we're just talking about one department  
12 now -- right? -- that's the Police Department.

13 A. Right.

**Pg: 159 Ln: 14 - Pg: 160 Ln: 9**

### **Designation:**

159:14 Q. Isn't it fair to say that Chief Craig has been able to  
15 bring about improvements to the Detroit Police  
16 Department as we sit here today?

17 A. Which improvements are you referring to?

18 Q. Any of which you are aware.

19 A. Well, I know that the City advertised last week that  
20 it had 36 hours without a violent crime, actually to  
21 clarify, it was without a shooting, so if we call that  
22 progress, then yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

23 Q. I guess what I mean is he's out there working to  
24 improve the department today, right?

25 A. Yes.

160: 1 Q. And he's able to do that today, right?

2 A. Chief Craig certainly is trying to do everything that  
3 he can to improve, yes.

4 Q. And have you undertaken a study to see where the  
5 department is currently compared to where it was back  
6 when you were assessing it in the January to June time  
7 frame?

8 A. The department itself tracks information and certainly  
9 they report on some of that. Shootings are down.

**Pg: 160 Ln: 10 - Pg: 164 Ln: 10**

### **Designation:**

160:10 Q. Are you aware of something called the Detroit  
11 Performance Dashboard?

12 A. In what regard?

13 Q. Let me show it to you. It's easier.

14 MARKED FOR IDENTIFICATION

15 EXHIBIT 5

16 2:22 p.m.

17 BY MR. HACKNEY:

18 Q. I'll represent to you that I've printed this as a  
19 screen shot off the Internet, and you can see the http  
20 down there at the bottom. I'm going to ask you some

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

21 questions about this, Mr. Moore, but let me just first  
22 tell you what it looked like to me when I was looking  
23 at it on the Internet.

24 It looked like it was something that the  
25 City of Detroit, like the real City of Detroit,  
161: 1 maintains about itself. So it wasn't some blog or  
2 something who just threw up their own idea.

3 A. Yes.

4 Q. That being said, whether it's accurate or not is a  
5 different question, but I first want to ask you, do  
6 you know what this thing is?

7 A. I think I have seen this before but I have not spent  
8 time with it.

9 Q. Do you know who maintains this?

10 A. I do not.

11 Q. So don't take this the wrong way, but I guess I'm a  
12 little flummoxed that you haven't seen the Detroit  
13 Performance Dashboard.

14 A. Well, we work directly with the departments on  
15 specific items. What gets published here in this type  
16 of item, that certainly can be out there, and it might  
17 be helpful, but the types of items that we work  
18 directly with the departments on are at a much more  
19 detailed level than this.

20 Q. Okay.

21 A. And I, quite frankly, would need to spend time  
22 validating all of the sources of information going

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

23           into this and that to me would not be a good use of  
24           time.

25   Q.   Fair enough.  Have you ever seen it before though?

162: 1   A.   It generally looks familiar to me, yes.

2   Q.   So let me just say, you know, in your affidavit, your  
3       declaration, police response time was one of the first  
4       examples you gave of something that you hope to  
5       improve, do you recall that?

6   A.   Yes.

7   Q.   And it's also something that's received a fair amount  
8       of press here in Detroit?

9   A.   Yes.

10   Q.   You're aware of that?

11   A.   Yes.

12   Q.   Isn't it fair to say that the police response time to  
13       a call is one of the most important aspects of  
14       policing?

15   A.   Yes.

16   Q.   Now, if you look at this document, this is what, as I  
17       understand it, Detroit is saying to people about what  
18       it is currently doing, bracketing whether it's  
19       accurate or not, and you look down under public safety  
20       where you see police response time.

21   A.   Yes.

22   Q.   I'll tell you that prior means third quarter 2013,  
23       there's a little legend up there on the left.

24   A.   I see that.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

- 25 Q. And current means fourth quarter 2013, that's the one  
163: 1 we're in currently.
- 2 A. I don't believe that's the case. I think the City  
3 always refers to fiscal years, so I don't know this  
4 for sure, but I think this may be referring to third  
5 quarter of the fiscal year and fourth quarter of the  
6 fiscal year.
- 7 Q. Well, that's helpful, because it would make sense  
8 because it would explain how they have data on it  
9 given how we haven't completed the fourth quarter of  
10 2013.
- 11 A. Correct.
- 12 Q. Let's work under that understanding, whatever it is,  
13 it shows that police response times in the third  
14 quarter dropped from 42 minutes to 11.67 minutes in  
15 the fourth quarter, do you see that?
- 16 A. I do.
- 17 Q. And that was well below the target that they were  
18 trying to get it to, do you see that?
- 19 A. I do.
- 20 Q. Do you have reason to believe that this is inaccurate?
- 21 A. I can't have an opinion on that because I don't know  
22 the sources of data that go into this.
- 23 Q. Okay. So fair to say that you don't know whether  
24 police response times in the April/May and June time  
25 period of 2013 were 11.67 minutes or not?
- 164: 1 A. I have no idea what would have been considered in that

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 calculation.

3 Q. And I'm not asking about this calculation. I'm saying  
4 do you know whether or not they were that timing?

5 A. I do not believe that the police response time as we  
6 have been looking at it was 11 minutes in the fourth  
7 quarter of fiscal year 2013.

8 Q. Obvious point, to the extent this data, whatever it  
9 represents, is accurate, it shows a material  
10 improvement in the response times, correct?

**Pg: 164 Ln: 13 - Pg: 165 Ln: 21**

### **Designation:**

164:13 A. There are two important items to understand as it  
14 relates to response time, and one of these you get  
15 anecdotally through a lot of conversations. If people  
16 don't call the police, that will never show up in a  
17 police response time statistic, and certainly, based  
18 on a lot of discussions that I've personally been  
19 involved in, the situation in the city is such that  
20 because response times are so poor, in many cases  
21 where the police don't show up, and by the way, this  
22 is something that the Police Department specifically  
23 has to do because of the resources that it has, it has  
24 to prioritize responses.

25 So for a break-in as an example, it may be  
165: 1 a day or two before someone shows up, so this only



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 tracks when someone actually calls the police. You  
3 could actually see a reduction, depending on how you  
4 measure this, you could see a reduction in response  
5 time, yet it's actually worse because people are just  
6 not even calling the police anymore.

7 It's similar to unemployment statistics.  
8 It -- unemployment can improve but you may have had a  
9 bunch of people drop out of the labor market.

10 BY MR. HACKNEY:

11 Q. That's a fair point. I understand there's a lot that  
12 goes into this, so for example if you make a big  
13 improvement and then maybe people feel that they can  
14 call 911 again and volume goes up, maybe then you see  
15 some slipping backwards so that the improvement was  
16 illusory, I understand that it's complicated.

17 So I appreciate your qualification, but I  
18 was just asking that, viewed in isolation, improving  
19 response times from 42 minutes to 11 minutes would be  
20 a material improvement, correct?

21 A. It certainly would.

**Pg: 165 Ln: 22 - Pg: 168 Ln: 13**

### **Designation:**

165:22 Q. Okay. Now, isn't it also true that Detroit's homicide  
23 rate is down 13 percent from last year?

24 A. That's what I understand, yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 25 Q. And while Detroit's homicide rate is surely still too  
166: 1 high, and maybe you can say any homicide rate is too  
2 high, but Detroit certainly is, 13 percent is also a  
3 material improvement, wouldn't you agree?
- 4 A. I agree.
- 5 Q. And that was in advance of getting any of the Quality  
6 of Life note proceeds by definition since you haven't  
7 gotten them yet, right?
- 8 A. Correct.
- 9 Q. Isn't it true that violent crime is also down 6  
10 percent from last year?
- 11 A. I'm not aware on that statistic.
- 12 Q. That may be correct, it may not be correct, you just  
13 don't know?
- 14 A. Correct.
- 15 Q. By the way, that Wall Street Journal article that we  
16 were looking at, we can get it out again if you want,  
17 Chief Craig said he and his office conducted a study  
18 of how calls were categorized to get a sense of how  
19 they were doing with the true emergencies. Have you  
20 reviewed such a study from Chief Craig, have you seen  
21 such a study?
- 22 A. I have not seen such a study. My guess is that my  
23 colleague that is heading up our efforts on the Police  
24 Department certainly would have.
- 25 Q. I take it that the individuals that were level two  
167: 1 individuals that we talked about earlier, some of whom

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

2           are managing directors, do you remember that?

3   A.   Yes.

4   Q.   Do they have different areas of principal  
5           responsibility where they will focus, they may have  
6           multiple such areas but they do have silos that are  
7           their principal responsibility as they report up to  
8           you?

9   A.   Yes.

10  Q.   And you're saying now, hey look, I may not have seen  
11          this study, but I suspect that the man or woman who  
12          reports to me, who is responsible for police  
13          restructuring, they very well may have.

14  A.   Yes.

15  Q.   You don't know whether they have or have not though I  
16          take it.

17  A.   Correct.

18  Q.   And Conway MacKenzie itself has not conducted such a  
19          study, isn't that correct?

20  A.   Not that I'm aware of.

21  Q.   Do you agree that what's most -- do you agree that  
22          what's most important with respect to 911 calls is  
23          responding as quickly as possible to the most urgent  
24          calls?

25  A.   I don't know if I would make that statement or not.

168: 1   Q.   That's not something that you can necessarily agree  
2           with?

3   A.   Correct.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 4 Q. Why not? Why can't you agree?
- 5 A. You had a couple of qualifiers there. If we're just  
6 talking about do I agree that responding to, the most  
7 important part of responding to 911 calls is to  
8 respond to the highest priority in the quickest  
9 manner, if that's the way you're asking it, then I  
10 think the answer is yes. I don't know if that's  
11 necessarily what I heard in your question.
- 12 Q. That was what I meant to ask.
- 13 A. Okay. Then the answer to that would be yes.

**Pg: 168 Ln: 14 - Pg: 169 Ln: 8**

### **Designation:**

- 168:14 Q. Are you aware of written reports by your firm or  
15 others that analyzed the problems with the City of  
16 Detroit response times, what I mean is a report that  
17 would say our response times are too slow and here's  
18 why, A, B, C, you know, an analytical report?
- 19 A. There are definitely reports out there that talk about  
20 those items.
- 21 Q. And are examples of those the Bratton report?
- 22 A. Yes.
- 23 Q. Are there others?
- 24 A. I think McKinsey, if I recall correctly, that  
25 information is in McKinsey reports.
- 169: 1 Q. And I apologize if I asked you this earlier, do you

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 know whether this stuff is in the data room or not?

3 A. I don't know.

4 Q. Like for example the Bratton report, do you know if

5 it's being treated as work product that the City's

6 holding close or is it being treated as here you go,

7 public, look at it for what it's worth?

8 A. I don't know.

**Pg: 169 Ln: 9 - Pg: 170 Ln: 20**

### Designation:

169: 9 Q. Fair enough. Case closure rate is something that you

10 took a look, that you mentioned in your declaration.

11 A. Yes.

12 Q. What is Detroit's case closure rate?

13 A. Off the top of my head I think it was down to the

14 single digit range, maybe 8 to 10 percent.

15 Q. And how does that compare to the national average?

16 A. Substantially worse.

17 Q. What is the national average?

18 A. Off the top of my head I think perhaps it's 60 percent

19 or north of that.

20 Q. Where are you getting these numbers that you're

21 telling me?

22 A. Again, from the department, but tying into the FBI

23 crime statistics.

24 Q. And the quantifiable objective for the Detroit Police

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 Department is to elevate its case closure rates to the  
170: 1 national average, is that correct?

2 A. Yes.

3 Q. Have you attempted to size the cost of achieving this  
4 objective?

5 A. Again, there's not a linear relationship between if we  
6 do this we know this will be the precise result, but  
7 we do look at what the items that impact case closure  
8 are and address those.

9 Q. Fair enough. Is it fair to say that you don't know  
10 whether the reinvestment initiatives with respect to  
11 policing will be sufficient to bring about the  
12 national averages?

13 A. Correct, the reinvestment could actually exceed the  
14 national averages.

15 Q. Oh, so you think it will definitely achieve the  
16 national average and it might even become better than?

17 A. I didn't say definitely. There's no guarantees at  
18 all. We certainly are planning on the results being  
19 very favorable. They could be more or less favorable  
20 than expected.

**Pg: 170 Ln: 21 - Pg: 172 Ln: 18**

### **Designation:**

170:21 Q. Can you give me an example of a municipality that has  
22 made as dramatic an improvement in its 911 response

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

23 times as the one that you're trying to help Detroit  
24 achieve?

25 A. Well, one that is cited all the time, and certainly is  
171: 1 involved with through the Bratton Group is New York  
2 City, in the '90s specifically, and Bill Bratton was  
3 the police chief there and he is the "Bratton" in the  
4 Bratton Group.

5 And so certainly New York, the City of New  
6 York, had a substantial improvement in its police  
7 operations.

8 Q. Do you know what the level of improvement was?

9 A. Not off hand.

10 Q. And do you know how much they had to spend to achieve  
11 it?

12 A. I don't know off hand.

13 Q. Do you know if you did know those numbers at some  
14 point prior to today and just can't recall them or  
15 have you not looked at this specifically?

16 A. I specifically have not looked at that.

17 Q. Is it your expectation that someone at Conway  
18 MacKenzie has?

19 A. It's possible.

20 Q. It's possible. You don't recall whichever lieutenant  
21 heads up police telling you that they had looked at  
22 it, is that fair to say?

23 A. That's correct.

24 Q. And are you aware of a municipality achieving the

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 25 level of case closure rate improvement that's on the  
172: 1 order of magnitude as what you hope to achieve in the  
2 city of Detroit?
- 3 A. I don't know if we have looked at that in terms of  
4 understanding, number one, we certainly have not done  
5 a comprehensive view on every municipality in the  
6 country, so I can't say one way or the other whether  
7 there is another municipality that has had such poor  
8 case closure levels and then got to a national average  
9 level.
- 10 Q. And I didn't want you to canvas them all. I just want  
11 to know if there was even one that had gone from the  
12 single digits up into the 60th percentile.
- 13 A. Not that I can think of off hand.
- 14 Q. And I have this broken down by subset, but does the  
15 Bratton Group report and the McKinsey group report  
16 also address what may be necessary in order to improve  
17 case closure rates?
- 18 A. I think so. I mean, they focus on the issues.

**Pg: 172 Ln: 24 - Pg: 174 Ln: 4**

### **Designation:**

- 172:24 Q. With respect to the Police Department's fleet, what is  
25 the average age of the fleet, do you know?
- 173: 1 A. It varies. You have to look at it by vehicle type. I  
2 don't recall off hand what the average age is right



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 now, but generally speaking three years is a good  
4 target for fleet age.

5 Our reinvestment plan gets us to a  
6 four-year replacement. We have vehicles out there  
7 right now that are nine, ten years old that have  
8 hundreds of thousands of miles on them.

9 Q. Where did you get that three-year figure?

10 A. That would have been something that would have been  
11 provided by the department, or perhaps some other  
12 information that we used via benchmarking.

13 Q. Do you know what similarly-sized municipalities' fleet  
14 ages are?

15 A. Well, there are I'm sure many, many municipalities  
16 around the country that are similar sized, and I don't  
17 know what their fleet size or age is. Because if you  
18 think about when you say a similar-sized municipality,  
19 you can look at it based on residential population,  
20 you can look at it based on square miles.

21 Certainly we're not aware of very many  
22 cities that have the number of residents that the city  
23 of Detroit has as well as the square miles. Square  
24 miles tends to translate to miles driven.

25 Q. Fair enough. They're very dispersed over a larger  
174: 1 area than the typical city is what you're saying.

2 A. Yes. And there are fewer police officers now,  
3 substantially fewer police officers now, which means  
4 that people tend to have to cover a bigger area.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 174 Ln: 13 - Pg: 176 Ln: 16

### Designation:

174:13 Q. Prior to June 14th, which is the date of the creditor  
14 proposal, what determination had Conway MacKenzie made  
15 about how many new police cars Detroit needed?

16 A. A plan was developed along with the General Services  
17 Department which helps manage the fleet for the number  
18 of vehicles that would be replaced by year.

19 Q. So a rolling --

20 A. Yes.

21 Q. -- improvement of the average age of the fleet.

22 A. Yes.

23 Q. Do you know how many new police cars Conway MacKenzie  
24 recommended that the City buy in fiscal year 2014 to  
25 replace the oldest year?

175: 1 A. I can't recall the number off hand, but we have that  
2 number, yes.

3 Q. Fleet expenditures are part of the anticipated uses of  
4 the Quality of Life note?

5 A. Yes.

6 Q. And that means buying new police cars, correct?

7 A. Buying or leasing.

8 Q. And whatever was anticipated to be done back in June  
9 is still what is anticipated to be done today?

10 A. Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 Q. Isn't it true that in August that a hundred new police  
12 cars were donated to the City of Detroit by private  
13 donors?

14 A. Yes.

15 Q. And I know that some of those cars have had to be  
16 outfitted with video cameras and so forth?

17 A. Yes.

18 Q. But isn't it true some of them are already on the  
19 street as we speak?

20 A. Yes.

21 Q. And others are anticipated to get on to the street in  
22 the next couple months.

23 A. Yes.

24 Q. I don't have a ton of experience with police  
25 departments, but I will suggest that even a city the  
176: 1 size of Detroit that a hundred is a lot of police  
2 cars, is that wrong?

3 A. Yeah, it's -- that would be wrong. That's about 10  
4 percent, actually less than 10 percent of the fleet  
5 size.

6 Q. Do you know how many you had proposed to buy in the  
7 first year?

8 A. I don't recall the first year, no.

9 Q. Was it more than 10 percent?

10 A. It very well could have been, yes.

11 Q. Did you reduce the amount of fleet spending in light  
12 of this donation?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 13 A. No.
- 14 Q. Why not?
- 15 A. Because we want to get there as soon as possible in
- 16 terms of improving the fleet.

**Pg: 176 Ln: 17 - 25**

### Designation:

- 176:17 Q. So this is kind of a good example, if a private donor
- 18 comes along and says here is, I can't remember the
- 19 amount, may have been 8 million bucks or something
- 20 like that, here's a hundred new police cars, your
- 21 response to that is that's great, but I'm not going to
- 22 change how much I'm going to spend on reinvestment
- 23 initiatives because that will just help us get to our
- 24 goals quicker.
- 25 A. Yes.

**Pg: 177 Ln: 1 - Pg: 178 Ln: 8**

### Designation:

- 177: 1 Q. And can you give me a sense of the average age of the
- 2 Detroit Police Department's facilities?
- 3 A. Average age of the facilities, I can't recall off
- 4 hand.
- 5 Q. Do you think there's work product at Conway MacKenzie
- 6 that reflects that?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7 A. Yes.

8 Q. And did Conway MacKenzie undertake a study of that  
9 question?

10 A. Yes, we spent quite a bit of time actually on the  
11 police facilities and worked not only with the  
12 department but also the General Services Department  
13 that maintains the facilities.

14 Q. And did you do the same thing for the fire facilities?

15 A. Yes.

16 Q. How do Detroit's police and fire facilities compare in  
17 age and functionality to comparable municipalities as  
18 we use that term earlier?

19 A. Well, this is, that is very difficult to measure,  
20 number one, whether or not you would even have that  
21 information publicly available from another  
22 municipality, but we're talking about something that  
23 is very qualitative in nature.

24 As an example, within the Fire Department,  
25 which has been widely stated, we talked about it quite  
178: 1 a bit of time, the facilities, some of them are 80  
2 plus years old. They can't handle the apparatus that  
3 the department has now, or should have.

4 So you could have a facility that might  
5 actually be in okay condition, but if it can't, and  
6 I'm not saying that the fire facilities are, but if it  
7 can't handle equipment that's necessary, that's a  
8 significant deficiency.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 178 Ln: 9 - Pg: 179 Ln: 3

### Designation:

178: 9 Q. Understood. And my -- I guess my follow-up is, have  
10 you undertaken a study of the extent to which other  
11 municipalities face the same problem, like my home  
12 town, Detroit's famous for its Fire Department, and  
13 I'm sure it's got a lot of old fire departments and  
14 fire stations, have you taken a look at assessing the  
15 extent to which other municipalities have the same  
16 issue?

17 A. No. This is more decisions that are made as to how  
18 facilities need to be maintained.

19 Q. This was more just of an objective analysis which is  
20 we need all of our facilities to be able to house all  
21 of modern firefighting equipment.

22 A. I wouldn't go that far. We need our facilities to not  
23 be in disrepair such that there are significant safety  
24 issues.

25 Q. Do you know how much is anticipated to be spent on the  
179: 1 police and fire facilities?

2 A. I don't have that number off hand, but certainly we  
3 have that number.

Pg: 179 Ln: 4 - Pg: 180 Ln: 18

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

179: 4 Q. Now, with respect to things like patrol cars,  
5 improving facilities, et cetera, isn't it true that  
6 many of these initiatives will require requests for  
7 proposal?

8 A. Not necessarily.

9 Q. So like if you go buy police cars, do you get a  
10 request for proposal from different police car  
11 vendors?

12 A. I'm sure we would do that through an RFP process.

13 Q. Let me take a step back and ask more broadly, which is  
14 many of the reinvestment initiatives require  
15 third-party vendors to either sell goods to the City  
16 or to provide services, isn't it true?

17 A. Yes.

18 Q. Have you begun those RFP processes as we sit here  
19 today?

20 A. Yes.

21 Q. When did those begin?

22 A. There are activities that occur all the time, so we  
23 have been preparing for, as an example, the first  
24 fleet purchase that we are hoping will occur in the  
25 first calendar quarter of 2014, we've been preparing  
180: 1 for that at this point.

2 There are other items where we have held  
3 off, and one of the primary reasons for that is there  
4 are a lot of vendors that don't like dealing with the

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 City to begin with. Add to that the fact that the  
6 City is operating in Chapter 9 and that makes it even  
7 more difficult.

8 Without the ability to clearly indicate to  
9 someone that money exists for this, we have a hard  
10 time getting the type of competitive responses we may  
11 otherwise get, and so ensuring that we can put forward  
12 a very confident and a sound proposal to people will  
13 enhance what we're able to get from that process.

14 Q. So having an additional \$125 million in Quality of  
15 Life proceeds will enhance the RFP process because it  
16 will make more people willing to engage in that  
17 process, correct?

18 A. Yes.

**Pg: 181 Ln: 2 - 18**

### **Designation:**

181: 2 Is it fair to say that you were not  
3 involved in the effort to source the DIP?

4 A. Correct.

5 Q. And neither was Conway MacKenzie.

6 A. That's right.

7 Q. And is it also fair to say that you weren't involved  
8 in the analysis of which DIP to take?

9 A. Correct, I was not.

10 Q. So by sourcing, I mean the process that starts with



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 going out to the market to find lenders and ends with  
12 settling on a specific lender.

13 A. The only involvement that we had is one of my  
14 colleagues participated in some due diligence calls  
15 from prospective lenders on the restructuring and  
16 reinvestment. That's the only involvement that we  
17 would -- that we had during the DIP process.

18 Q. Great. That's very helpful. Thank you.

**Pg: 181 Ln: 19 - Pg: 182 Ln: 17**

### Designation:

181:19 Have you quantified the benefit of  
20 improving the Detroit Police Department's fleet and  
21 facilities on the level of services it will provide?

22 A. Again, not a linear relationship.

23 Q. It's more, if I can say, it's more general, which is  
24 that if they're better, services will be better?

25 A. This gets into, if we go back to this morning, there  
182: 1 is a certain level of capital expenditures that will  
2 have to take place. At the rate the City is, or at  
3 the rate the department is going right now, there may  
4 not be cars available. So it's not a question of  
5 having a nicer vehicle. Many of the vehicles are  
6 inoperable and there are more becoming inoperable  
7 every day. So what is the cost of not having cars to  
8 be able to go out and take police runs? Very high.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 Q. But the goal of the reinvestment initiatives and the  
10 restructuring initiatives is to get the City up to the  
11 level of average service provision, right? We  
12 established that earlier, correct?

13 A. Yes. On the fleet side we would like to get to a  
14 four-year replacement. That's what we have built into  
15 this. So there is some element of that that just has  
16 to be there, but there is an improvement over where we  
17 have been.

**Pg: 182 Ln: 18 - Pg: 184 Ln: 13**

### Designation:

182:18 Q. I'll tell you in paragraph 14 of your declaration you  
19 talk about modernizing the Detroit Police Department's  
20 IT.

21 A. Yes.

22 Q. What is the DPD currently using?

23 A. There are a few different systems that are in use.

24 First of all, there's a system by the name of

25 C-R-I-S-N-E-T; however, the City does not have a

183: 1 comprehensive information technology system such that  
2 information can even be shared between precincts.

3 Q. Is the intention to move to a comprehensive IT system?

4 A. Yes.

5 Q. How much do you think that will cost?

6 A. The amount is somewhere I believe in the neighborhood

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

7 of 20 to \$30 million.

8 Q. Do you know whether other, let's start with other  
9 comparable municipalities the way we used that term  
10 earlier, do you know whether they have comprehensive  
11 IT systems?

12 A. Yes.

13 Q. And do they?

14 A. Yes.

15 Q. What's your basis for that information?

16 A. We have worked quite a bit with the Michigan State  
17 Police Department, as well as counties in this area,  
18 and also other municipalities.

19 Q. In terms of?

20 A. The systems that are being used. As you can imagine,  
21 there is significant value in being able to share  
22 information across municipalities. Michigan State  
23 Police, as well as at the county level, is a  
24 coordinator of information shared between departments.

25 Q. Is there an industry standard type of software that  
184: 1 people use?

2 A. There are some common systems that a number of the  
3 parties use.

4 Q. And is this shovel ready from the standpoint of you  
5 started the RFP process for this?

6 A. Yes, there was a selection process that was  
7 undertaken.

8 Q. Will this happen whether the Quality of Life proceeds

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9           are received or not?  
10    A.    That has not been decided.  If the Quality of Life  
11           financing is not there, we would have to assess  
12           whether these, whether there could be adequate funds  
13           available to implement a system.

**Pg: 184 Ln: 14 - Pg: 185 Ln: 15**

### **Designation:**

184:14   Q.    How many police officers per citizen does Detroit  
15           have, do you know?  
16    A.    Police officers, there are various levels of police  
17           officers.  There are police officers themselves, which  
18           right now there's approximately 1900 police officers,  
19           and that number's going down by day.  Obviously there  
20           are about 684,000 residents, or at least that's the  
21           last estimate as of 2012.  
22                            In addition to the 1900 officers, there's  
23           about 400 or so lieutenants and sergeants, so all in  
24           there are about 2500 uniformed officers.  
25    Q.    Did you say 2500?  
185: 1   A.    2500.  
2    Q.    I had 1900 plus 400.  
3    A.    Then there are also command officers as well and  
4           leadership.  
5    Q.    Even above the lieutenants and sergeants?  
6    A.    Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 7 Q. Taking all of them, how do they compare to other  
8 similarly-sized municipalities? Let me strike that.  
9 How does it compare to the comparable  
10 municipalities we talked about earlier in terms of  
11 police personnel per citizen?  
12 A. It's across the board, or it's all over the place in  
13 terms of averages.  
14 Q. Sometimes Detroit's better and sometimes it's worse?  
15 A. Yes.

**Pg: 185 Ln: 16 - Pg: 191 Ln: 6**

### Designation:

- 185:16 Q. And what about with respect to the competitive  
17 municipalities as we defined that term earlier?  
18 A. It's very difficult to compare the Detroit Police  
19 Department to any surrounding municipality given the  
20 size, the amount of crime that takes place, so it is  
21 not really a relevant comparison.  
22 Q. Do you have work product, do you know, that puts this  
23 all in one place and says here's how we stack up from  
24 a personnel standpoint on the policing front?  
25 A. I don't know if it's all in one place. There  
186: 1 certainly are a number of these that exist.  
2 Q. This analysis has been undertaken?  
3 A. Yes.  
4 Q. You just don't know if it does exist?

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

- 5 A. Yeah, I just don't know if it's all in one place.
- 6 Q. Okay. How many new police personnel does the City  
7 plan to hire?
- 8 A. Approximately 275.
- 9 Q. So that's about a 12 percent increase in the size of  
10 the force?
- 11 A. Yes.
- 12 Q. And when will it hire them?
- 13 A. As soon as we have adequate financing.
- 14 Q. About how much are the new police officers anticipated  
15 to cost?
- 16 A. Well, what we're actually looking to do is there are a  
17 number of uniformed officers that currently perform  
18 administrative and clerical duties, so we are planning  
19 on hiring civilians, non-uniform personnel, and then  
20 moving the uniform personnel into typical police  
21 officer-type duties.
- 22 Q. This is the so-called civilianization initiative?
- 23 A. Yes, that's exactly right.
- 24 Q. Do you have to modify the collective bargaining  
25 agreement of any of the police unions to achieve this?
- 187: 1 A. There's an argument as to whether the collective  
2 bargaining agreement is still effective for the DPOA,  
3 but the others have expired.
- 4 Q. Do you agree that the DPD's command staff is too top  
5 heavy?
- 6 A. Not anymore.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

7 Q. So that problem's been remedied?

8 A. Yes.

9 Q. Do you agree that there may be additional grant  
10 funding that could be out there to help the, improve  
11 the DPD?

12 A. I think that there certainly are opportunities in the  
13 grant area.

14 Q. About how much do you see in the way of opportunities  
15 in this area?

16 A. Not sure. It would be very difficult to have a number  
17 right now because right now the department has a very  
18 poor grant management function, and so we're trying to  
19 remedy that, and then we will have a better sense as  
20 to what might be available.

21 Q. And those grants would be ones that would be able to  
22 be used to serve some of the same purposes of the  
23 reinvestment initiatives, correct?

24 A. Perhaps.

25 Q. With respect to the anticipated spending that was in  
188: 1 the creditor proposal for the DFD and for EMS, fire  
2 and EMS, those numbers also came from Conway  
3 MacKenzie's work, is that correct?

4 A. Yes.

5 Q. Isn't it true that 60 percent, it's estimated by the  
6 Detroit Fire Department that 60 percent of its runs  
7 are for vacant structures?

8 A. Yes.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

9 Q. And isn't it also true that as part of the blight  
10 remediation effort the City hopes to dramatically  
11 reduce the number of vacant structures?

12 A. Yes.

13 Q. And that's good because it will allow firefighters to  
14 perform other tasks, correct?

15 A. Yes.

16 Q. And it will reduce wear on the fleet and equipment?

17 A. Yes.

18 Q. It will reduce redundancy of operations, correct?

19 A. Yes.

20 Q. And have you calculated the interplay between blight  
21 remediation and what the needs of the Fire Department  
22 are?

23 A. Could you clarify that question?

24 Q. Yeah. So when you were undertaking your work back in  
25 January to June of 2013 and you were assessing the  
189: 1 stages you went through in terms of identifying goals  
2 and what it takes to implement them, do you remember  
3 that?

4 A. Yes.

5 Q. At that time there were in fact whatever the number  
6 is, 78,000 structures, or I don't know what the  
7 numbers are, there was a bunch of different ones.

8 A. Yes.

9 Q. They were what they were?

10 A. Yes.



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 Q. Now, it is anticipated under your proposal that a lot  
12 of these structures will be knocked down over the next  
13 one, two, three years, correct?

14 A. Yes.

15 Q. If 60 percent of your runs are being driven by  
16 structures that will no longer be there, would you  
17 agree that that's a very material component of  
18 assessing what the needs of the department will be  
19 over the next three years?

20 A. To a certain extent.

21 Q. Did you knit those two things up for your analysis?

22 A. We have said numerous times that there is not a direct  
23 relationship between blight and dollars that are spent  
24 in other areas; so while the existence of blight  
25 certainly can impact a department and what it gets  
190: 1 worked on, what we have been very careful not to do is  
2 to suggest that by eradicating blight, 60 percent of  
3 the department can go away. That does not, that can't  
4 happen.

5 Q. But that's -- I understand that, but what about the  
6 idea that eradicating the blight might by itself  
7 provide such a dramatic opportunity for enhancement in  
8 Fire Department service provisions that it doesn't  
9 independently require a significant outlay of money?

10 A. How would blight do that?

11 Q. By reducing the number of runs by 60 percent, because  
12 that just seems like a massive, I mean, I feel like if

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13           you walked in and told the police chief you're going  
14           to have 60 percent fewer runs this year, he might say  
15           okay, now I can do all the things that I have wanted  
16           to do, he might, yeah, have some facilities that are  
17           out of date.

18                           I understand it wouldn't be perfect, but  
19           the blight remediation alone seems extremely material.  
20           My questions are aimed at understanding how did you  
21           knit in the beneficial impacts of blight on your fire  
22           restructuring initiatives and reinvestment  
23           initiatives?

24    A.   Well, the elimination of blight is not going to cause  
25           more revenue to come into the Fire Department.  If you  
191: 1           are arguing that the expenses of the department get  
2           cut substantially, and as a result those savings can  
3           go to these items, we don't believe that that is the  
4           case, that you can cut the expenses of the department,  
5           which in the Fire Department over 90 percent of all  
6           the costs are labor related.

**Pg: 191 Ln: 7 - Pg: 193 Ln: 23**

### **Designation:**

191: 7    Q.   Do you anticipate hiring additional firefighters?

8        A.   In the short term, yes.

9        Q.   In the short term.

10       A.   Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 Q. But you're not just hiring them for the short term,  
12 right? You're hiring them on as new FTE?

13 A. Well, there's a level of attrition that exists, and so  
14 that attrition has been going on for quite some time  
15 without replacement firefighters. Firefighters have  
16 to come in to get to a certain level of staffing  
17 that's required.

18 As time goes on and attrition continues to  
19 occur in the ordinary course, then there's a question  
20 as to whether the department will have to hire at the  
21 level of attrition or if it will be able to scale back  
22 a bit.

23 Q. How many firefighters are expected to be hired in the  
24 short term?

25 A. The number is a hundred, a little over a hundred.

192: 1 Q. And that's compared to how many that it already has?

2 A. Right now, and just to clarify, the Fire Department  
3 includes the EMS division.

4 Q. Okay.

5 A. When you talk about the total Fire Department, there  
6 are approximately a thousand employees. Just on the  
7 firefighting side I think it's 8 to 900, around 800 or  
8 so right now.

9 Q. So this is, if -- did you say a hundred new ones?

10 A. Yes.

11 Q. So it's about 11 percent?

12 A. Yes.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

13 Q. Firefighters to firefighters?

14 A. Yeah.

15 Q. Isn't it true that the City engaged a fire efficiency  
16 expert on October 28, 2013?

17 A. Yes.

18 Q. And prior to that time it had not engaged one,  
19 correct?

20 A. Correct.

21 Q. And who is that?

22 A. The name of the organization is TriData.

23 Q. Are they a consultancy that like the Manhattan  
24 Institute helps you improve your fire department just  
25 as the Manhattan Institute helps you improve your

193: 1 police department?

2 A. Yes.

3 Q. Now, TriData, TriData's final work product will not be  
4 produced until March 2014, isn't that correct?

5 A. Yes.

6 Q. How much do, is it anticipated that they will cost, do  
7 you know?

8 A. I don't have the number off hand.

9 Q. Why did the City wait over three months after filing  
10 bankruptcy to hire a fire efficiency expert?

11 A. I don't know what the reasons for the delay were. We  
12 undertook an RFP process and recommendations were made  
13 as to the vendor that should be selected and there was  
14 some period of time prior to them actually getting

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

15 engaged.

16 Q. You had one on the police front from the prior the  
17 cases being filed, correct?

18 A. Yes.

19 Q. And you knew you were going to need a fire efficiency  
20 expert at the time you filed the bankruptcy cases,  
21 isn't that a fair statement?

22 A. Yes, I believe we had the RFP outstanding at that  
23 time.

**Pg: 194 Ln: 13 - Pg: 196 Ln: 1**

**Designation:**

194:13 Q. For example, you talk in your declaration about things  
14 like there being too few reserve vehicles in the Fire  
15 Department?

16 A. Yes.

17 Q. Or is it none, at times there are no reserve vehicles?

18 A. Correct.

19 Q. What's the average reserve vehicle that a municipal  
20 fire department will have?

21 A. Well, it all depends on the response times. The  
22 national studies look at where the vehicles and the  
23 equipment are and they look out in four and  
24 eight-minute increments. So it's all a matter of how  
25 many operable vehicles you have to service a

195: 1 four-minute area or an eight-minute area, and right

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 now the Detroit Fire Department has significant issues  
3 in terms of the number of vehicles that it typically  
4 has and the number of battalions, if you will, that  
5 are open on any given day.

6 Q. Do you remember earlier that we were talking about the  
7 anticipated amount of police investments over the next  
8 five years that was disclosed in the proposal to  
9 creditors?

10 A. Yes.

11 Q. And I asked you whether personnel was baked into those  
12 numbers?

13 A. Yes.

14 Q. And you said no?

15 A. Correct.

16 Q. In the pages that follow, just to streamline this,  
17 there are also numbers that are disclosed for the Fire  
18 Department?

19 A. Yes.

20 Q. Are the personnel hires included in those numbers?

21 A. I don't believe that they are, because without opening  
22 the book, those were mainly focused on our three areas  
23 of capital expenditures, fleet, facilities and IT.

24 Q. Are you going to hire the new police officers whether  
25 you get the Quality of Life note or not?

196: 1 A. We don't know.

**Pg: 196 Ln: 6 - 7**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

196: 6 Q. Same question for the firefighters.

7 A. I don't know.

### Pg: 196 Ln: 8 - 23

### Designation:

196: 8 Q. Now, as of the June 2014 proposal to creditors, about  
9 how many different, how many additional ambulances did  
10 you think that the City needed to purchase?

11 A. I can't recall the number of ambulances specifically.  
12 That certainly is in the schedules though.

13 Q. And isn't it also true that in August of 2013 that 23  
14 ambulances were donated to the City by private donors?

15 A. Yes.

16 Q. And those are all actually in action now, isn't that  
17 correct?

18 A. I believe so.

19 Q. Did you treat that in the same way you treated the  
20 incremental police cars, which is great to have but  
21 doesn't reduce our need for Quality of Life proceeds  
22 anyway because it will just help us get there faster?

23 A. Yes.

### Pg: 196 Ln: 24 - Pg: 198 Ln: 16

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

196:24 Q. What are the problems with the Fire Department and EMS  
25 information technology?

197: 1 A. Similar to the Police Department where the information  
2 that exists, right now when the department responds to  
3 a call, it doesn't necessarily know what it's getting  
4 into.

5 So it doesn't know information on the  
6 structure, it doesn't know if it has visited the  
7 address already multiple times. Having that  
8 information available to the firefighters on exactly  
9 where to go, even taking a step back, where it has to  
10 go in terms of the fact that there's a call.

11 Right now in the Fire Department, in the  
12 various departments right now, the various facilities,  
13 they use mechanisms like having a pop can in front of  
14 the fax machine so that when a fax comes in for a call  
15 that they have to go on, it knocks the can over to  
16 alert people that there's something that needs to  
17 occur.

18 So there's no technology right now to  
19 actually make the department aware that a call is  
20 coming in, to provide all the necessary information  
21 that they need to go on that call, and these are the  
22 types of deficiencies that exist.

23 Q. So I don't mean to be flip, but are you saying that  
24 the Fire Department gets fire alarms via fax



**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

25           currently?

198: 1    A.    Yes.

2    Q.    For all of them?

3    A.    Not all of them.  Some departments are, some  
4           facilities are even worse.

5    Q.    So you mean there's some central, is there some  
6           central dispatch that gets the 911 calls for both  
7           police and fire?

8    A.    Yes.

9    Q.    And when they route it to the Fire Department, are you  
10           saying best case scenario they send a fax, worst case  
11           scenario they do something more informal like pick up  
12           the phone?

13   A.    I don't know if I would call the best case scenario  
14           the fax, but these are the types of things,  
15           contraptions that have been rigged in order to alert  
16           people that they have a run to go on.

**Pg: 198 Ln: 20 - Pg: 203 Ln: 7**

**Designation:**

198:20   Q.    What are the problems with the City's technology  
21           infrastructure?  I know it's antiquated with little  
22           integration, but I was hoping you could explain with  
23           more detail what's the problem and how do you expect  
24           to fix it.

25   A.    Okay.  First, the City has no set standards that it

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

199: 1 follows, or that it has followed with regards to  
2 information technology. As a result, a number of  
3 applications have been implemented over the years that  
4 don't talk to one another at all, and because of that  
5 lack of integration, in many instances there are  
6 actually duplicate systems running within the same  
7 department, where both may be very highly manually  
8 oriented, people are having to manually enter the same  
9 information into two or sometimes even three different  
10 systems.

11 The information itself doesn't, is not  
12 shared, so there are so many things that the City may  
13 do with a particular business, as an example, between  
14 licensing or permitting or inspecting, and there's  
15 very little interaction among the services that get  
16 performed for the same physical location.

17 Then, as you take it even a step further,  
18 when you talk about sources of revenue, property taxes  
19 as an example, the tying together of tax, property tax  
20 information and collection information with these  
21 other services that are going on, so the lack of  
22 integration and the lack of the ability to consolidate  
23 this information makes things very difficult to be  
24 efficient and to maximize what sort of revenue can be  
25 realized.

200: 1 Q. I take it the solution is to have a common ERP system?

2 A. Common ERP system is certainly one element. The

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 current ERP system that the City uses is an  
4 Oracle-based system called Dreams (DRMS). It was  
5 implemented approximately 15 years ago, never  
6 implemented, never fully implemented. It's way past  
7 when it has any support.

8 Replacing that system is a very important  
9 element. You can still have other systems for  
10 department-specific needs, but it's ensuring that  
11 there's integration among the data that is very  
12 important.

13 Q. What is the ERP system that you recommend the City  
14 moves to?

15 A. There are three different paths that have been  
16 evaluated. A decision has not been made. The three  
17 paths are to re-implement the Oracle system to bring  
18 it to a current version, because the system -- City  
19 customized the existing system so much, it's  
20 essentially a new implementation of Oracle, so that's  
21 path one.

22 Path two is to undertake a selection for a  
23 new ERP system, and path three is to move to what is  
24 being developed by the Michigan Municipal Services  
25 Authority, I think it is, the MMSA, where they are  
201: 1 trying to implement a system that can be hosted and  
2 used by many municipalities.

3 Q. What are the three different costs of each of those  
4 options, do you know?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 A. Yes. Plante Moran is an outside firm that has, this  
6 is one of the areas that Plante Moran has been  
7 involved in, and they've evaluated the potential cost  
8 with those three alternatives. I don't have the  
9 numbers off hand.

10 The number that we've included I think for  
11 the ERP system in our restructuring and reinvestment  
12 was in the neighborhood of 25 to \$30 million.

13 Q. I misunderstood Plante Moran from the materials. Are  
14 they providing services as an IT consultant?

15 A. That is one of the services that they are providing.  
16 They're an accounting firm, however, they have  
17 consulting services and the two biggest areas where  
18 they are involved is with the assessor's office  
19 related to property taxes and they also have been  
20 involved on the IT side. They perform other services  
21 in the finance area as well including the accounting.

22 Q. So this is something I know a little bit about, enough  
23 to be dangerous anyway, not from firsthand by my  
24 father-in-law was the CIO of Honeywell; so one of the  
25 things I know about ERP systems is changing over from  
202: 1 one system to another is a very complicated thing for  
2 an enterprise to do. Do you agree with that  
3 statement?

4 A. It can be.

5 Q. And it's also something that is very difficult to do  
6 because while you're making the transition, you need

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

7           to try to keep providing services as you go.

8    A.    Yes.

9    Q.    When did Plante Moran begin assessing the problem of  
10           what ERP system the City should use?

11   A.    I don't know specifically when it began its work, but  
12           the requirements definition work, which is what I was  
13           referring to and that was done to determine what the  
14           potential paths were -- were going on during this time  
15           period of what we've been talking about, January  
16           through June.

17   Q.    You think they were working during that time period.

18   A.    Yes.

19   Q.    You just can't remember what they started.

20   A.    Correct.

21   Q.    Have they come, had they reached a final conclusion  
22           prior to June 14th about the three different paths?

23   A.    I believe that they published their final report after  
24           June 14th; however, we certainly were having  
25           conversations with them prior to that time about what  
203: 1           the potential number could be.

2    Q.    Okay. So you were getting informal feedback from them  
3           even if it preceded their final report?

4    A.    Yes.

5    Q.    And you used that informal feedback to size the amount  
6           that would be spent on City ITS?

7    A.    Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 203 Ln: 8 - Pg: 205 Ln: 4

### Designation:

- 203: 8 Q. Let's talk about blight if we could.
- 9 A. Okay.
- 10 Q. Who is charged with developing the blight remediation  
11 plan for the City of Detroit?
- 12 A. Currently that's Roy Roberts.
- 13 Q. Has he done that?
- 14 A. He is in the process of doing that.
- 15 Q. When will he be done?
- 16 A. He has indicated that he plans to have some  
17 recommendations in January.
- 18 Q. It's my understanding that I think over the, I think  
19 it was the five years starting with fiscal year 2014,  
20 the proposal to creditors assumed \$400 million of  
21 blight remediation, does that sound accurate to you?
- 22 A. It's actually \$500 million over six years.
- 23 Q. I think it was 500 over six and 400 over five.
- 24 A. That's correct.
- 25 Q. How was the size of that spending determined?
- 204: 1 A. It was based on, first of all, identifying that this  
2 would be limited to residential blight elimination.  
3 Secondly, going off the statistics that the City had  
4 in terms of the typical cost to demolish a lot, the  
5 number of lots and structures that were anticipated to  
6 be demolished, and then also where savings could be

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7 realized from perhaps taking some different approaches  
8 than had been undertaken in the past.

9 Q. So I don't mean, this is not meant to be flip at all  
10 but let me see if I can understand. Was it as simple  
11 as taking that I think \$8500 a structure number that's  
12 in the proposal to creditors and multiplying that by  
13 the number of anticipated vacant residential  
14 structures?

15 A. The -- yeah, we actually came up with a lower number.  
16 It was sort of a range, but yes, that was figuring out  
17 what we could potentially reduce the per structure  
18 amount to, also incorporating non-structural blight  
19 removal, and then the number of units that were  
20 potentially going to have to be addressed to come up  
21 with that total estimate.

22 Q. So it was very aggregate in the sense that you were  
23 descending from the assumption that you would  
24 remediate all of the residential vacant structures  
25 over the ensuing six years, correct?

205: 1 A. Correct.

2 Q. And that's how you sized the amount to spend doing  
3 that.

4 A. Yes.

**Pg: 205 Ln: 5 - 8**

**Designation:**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 205: 5 Q. Now, Mr. Roberts is coming along and figuring out how  
6 to specifically deploy those amounts during that  
7 six-year period, correct?  
8 A. Yes, or whatever period he determines.

**Pg: 205 Ln: 9 - Pg: 206 Ln: 5**

### **Designation:**

- 205: 9 Q. You agree that an uncoordinated effort to remove  
10 blight will result in inefficient application of  
11 scarce resources?  
12 A. That is one potential risk.  
13 Q. What entities need to coordinate in order to avoid  
14 this outcome?  
15 A. There are various agencies within the City, first of  
16 all, that are, that need to be coordinated, such as  
17 the Planning Department, Building Safety and  
18 Engineering, outside parties such as utility  
19 companies. There is the legal system, in order to  
20 ensure that the appropriate title exists, in order to  
21 perform these activities and the right steps have been  
22 undertaken, and then depending on what types of  
23 dollars we're talking about, perhaps other  
24 governmental agencies as well, including the State.  
25 Q. How much of the, if the Quality of Life note is  
206: 1 approximately 120 million, which is I know an  
2 assumption, about how much of that will go to blight



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 remediation?  
4 A. I think in fiscal year '14 that number's around \$35  
5 million that we have.

**Pg: 206 Ln: 6 - Pg: 210 Ln: 25**

### **Designation:**

206: 6 Q. And is Detroit shovel ready to deploy \$35 million of  
7 blight removal monies from the Quality of Life note  
8 proceeds in the next six months?

9 A. Demolition activities have been occurring, and  
10 continue to occur right now. The City receives money  
11 through grant sources that it uses for demolition.

12 In addition, you're probably aware of the  
13 Hardest Hit funds that were awarded to the City that  
14 are being deployed right now.

15 Q. That is actually a good anticipation of the next  
16 question, which is, the City's currently engaged in  
17 substantial blight remediation efforts as we speak,  
18 isn't that correct?

19 A. Depends on how you define substantial.

20 Q. It has knocked down thousands of structures over the  
21 last year.

22 A. I think, I don't have the exact number, but it would  
23 be probably north of a thousand.

24 Q. Now, with respect to the Hardest Hit fund, the MSHDA?

25 A. Yes.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

- 207: 1 Q. Is now allocating \$52 million from that fund for  
2 blight elimination on four to 6,000 structures, is  
3 that correct?
- 4 A. Yes.
- 5 Q. And that money is ready for deployment today, correct?
- 6 A. Correct.
- 7 Q. About how long will it take to deploy that money into  
8 the hands of the contractors that remediate the  
9 structures?
- 10 A. Based on the process that has to be followed under  
11 MSHDA, we're anticipating about 18 months.
- 12 Q. So I guess what's your ability to burn blight  
13 remediation cash starting January 1, 2014, if I walked  
14 up to you and said, Mr. Moore, here's a hundred  
15 million bucks, I want you to get started right now  
16 knocking down residential structures, about how  
17 quickly could you get that money out the door to the  
18 contractors and all the other people that go into  
19 knocking them down?
- 20 A. I think the answer is pretty quickly. What we would  
21 want to make sure that we do is deploy the dollars in  
22 the best way possible, and so that means not only  
23 deciding specifically where we are going to deploy,  
24 but also how we will deploy those dollars.
- 25 Q. And how long do you think that takes?
- 208: 1 A. That is the process that there is a blight task force  
2 and they are undertaking all of their activities right

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 now and they're planning on publishing something,  
4 their recommendations, in the month of December.

5 Mr. Roberts will be using that as an input  
6 in terms of his recommendations that he will make to  
7 Kevyn Orr in January.

8 Q. And as we talked about earlier, once you get the  
9 blight remediation plan you still need to coordinate  
10 with all the different departments that go into  
11 remediating blight?

12 A. Yes, and this is what's going on now, specific  
13 recommendations of how those steps will be carried  
14 out.

15 Q. But you understand the idea that like not everyone in  
16 the world remediates blight for a living in terms of  
17 there being contractors to whom you can give the money  
18 to go knock buildings down?

19 A. We certainly know of the contractors that are  
20 available for this, yes.

21 Q. And are they not operating at capacity as we speak or  
22 are they capable of scaling up?

23 A. They're capable of scaling up.

24 Q. Have you made a study of the extent to which, I'm  
25 talking cash flow out the door directed at blight  
209: 1 remediation, have you made a study at what's the  
2 maximum burn rate you can ramp up to starting in  
3 January?

4 A. That was the basis for doing it over six years. We

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5           felt that the capacity constraints were such that  
6           deploying approximately 100 million per year was where  
7           we would be.

8                         Since that time, however, and this will be  
9           confirmed by the blight task force when they complete  
10          their work, we believe that there are ways to deploy  
11          that money even quicker to remove some of those  
12          constraints.

13    Q.    And if I have it right, the view of Conway MacKenzie  
14          when it made its restructuring and reinvestment  
15          initiative recommendation was that 600 million, \$500  
16          million over six years was an appropriate spend for  
17          the City of Detroit on its blight problem.

18    A.    Yes.

19    Q.    And that was \$50 million each of the first two years  
20          followed by four consecutive years at \$100 million,  
21          correct?

22    A.    Yes.

23    Q.    Now, since the time you made that report though, the  
24          Hardest Hit fund funds have come in from the MSHDA, is  
25          that correct?

210: 1    A.    Yes.

2          Q.    And in addition, since the time you made that  
3          recommendation, there are HUD grants in the amount of  
4          approximately \$12 million that have been repurposed to  
5          allow for blight remediation, isn't that correct?

6          A.    This is a primary source of funding for the demolition

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 7           efforts that have gone on in the past; so there are  
8           consistently grant dollars that are made available for  
9           demolition.
- 10   Q.    I had been under the impression that it was a recent  
11           development that certain HUD funds totaling \$12  
12           million had only recently been capable of being  
13           repurposed to blight remediation of the time we're  
14           talking about here.
- 15   A.    I would have to go back and check my notes, but if  
16           you're referring to the recent federal announcement of  
17           300 million or so, some of that is, in fact a good  
18           amount of that is money that already existed and had  
19           been available to the City.
- 20   Q.    Available but not spent, right?
- 21   A.    Correct.
- 22   Q.    So to the extent I'm right, 12 plus 52 is 64 million  
23           that Detroit has today to spend on blight remediation,  
24           correct?
- 25   A.    Yes.

**Pg: 211 Ln: 1 - 16**

### **Designation:**

- 211: 1   Q.    And is your attitude with respect to that grant  
2           similar to the attitude we talked about with the new  
3           police cars, which is, to the extent there's  
4           additional blight remediation money, we'll put it with

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

5 the blight remediation money we plan to spend anyway  
6 and just go that much faster?  
7 A. It is not an apples to apples comparison necessarily.  
8 A dollar provided through MSHDA for blight elimination  
9 is not as efficient of a dollar that we have developed  
10 in our plan.  
11 So we only get about 50 cents in terms of  
12 bang for the buck. Roughly speaking, that \$52 million  
13 that we could get for blight through MSHDA and the  
14 Hardest Hit funds would be equivalent to about \$26  
15 million from the approach that we've taken here on  
16 blight removal.

**Pg: 211 Ln: 17 - Pg: 212 Ln: 1**

### **Designation:**

211:17 Q. I saw somewhere that MSHDA had like hired demo costs.  
18 A. Yes.  
19 Q. Like are their demo costs 10,000 and you think you  
20 could do I thought it was 8500?  
21 A. Yes, and we think we can even do that cheaper. There  
22 are other elements to the MSHDA costs. MSHDA also,  
23 the amount involves ongoing maintenance as well.  
24 Q. I see.  
25 A. So the total amount per lot is far greater than what  
212: 1 we were looking at per lot.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 212 Ln: 2 - Pg: 214 Ln: 4

### Designation:

212: 2 Q. So you're saying think of a MSHDA dollar as 50 cents  
3 if I want to make a comparison to the way you can  
4 deploy blight remediation capital directly from the  
5 City.

6 A. Yes.

7 Q. Isn't it true that the City has undertaken certain  
8 reinvestment initiatives in itself since it's filed  
9 for bankruptcy separate and apart from the capital R,  
10 capital I, reinvestment initiatives?

11 A. Well, the items, I'm not sure which items you're  
12 referring to.

13 Q. I was just trying to establish the concept generally  
14 that the City's not just standing still with respect  
15 to reinvestment and restructuring as we sit here today  
16 waiting for the Quality of Life note to be approved.

17 A. There are some activities that are underway, but a  
18 substantial amount of activities are really sitting on  
19 hold pending the Quality of Life financing.

20 Q. That may be true but I do want to talk about the ones  
21 that are already underway independent of the Quality  
22 of Life financing.

23 Can you describe the amount of dollars that  
24 the City will invest in reinvestment initiatives prior  
25 to obtaining the Quality of Life note?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

213: 1 A. I think that right now looking at the types of things  
2 that we have in here, we have maybe \$20 million over  
3 the first six months of fiscal year '14. I think  
4 maybe 18 million actually. So on average about \$3  
5 million per month that the City will deploy.

6 Q. No matter what.

7 A. Yes.

8 Q. Okay. And it's also undertaken substantial  
9 restructuring initiatives, correct?

10 A. It all depends on how you define substantial.

11 Q. Fair enough. It has undertaken restructuring  
12 initiatives to date in advance of the Quality of Life  
13 note being approved, correct?

14 A. Well, a big part of the restructuring is actually  
15 hiring people, and we're looking at bringing in 500  
16 people, plus we have to make up for some attrition  
17 that has happened.

18 We have received approval to hire 75 or so,  
19 so the activities that are pending the financing are  
20 substantial. It's a much smaller portion that  
21 actually has been approved and is going on.

22 Q. And have you undertaken a study of what reinvestment  
23 efforts the City could undertake in the next two  
24 quarters without the Quality of Life proceeds?

25 A. We know that if the City undertakes the planned  
214: 1 restructuring and reinvestment activities that are in  
2 the forecast, and there is no Quality of Life loan



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 proceeds, it is projected that the City will run out  
4 of cash by May of 2014.

**Pg: 214 Ln: 5 - 11**

### Designation:

214: 5 Q. I see. So if they use your schedule for -- if they do  
6 20 million bucks a month for the first six months of  
7 2014, they will be out of cash by the middle of 2014.  
8 A. Yes. And you're referring to calendar year in both of  
9 those statements.  
10 Q. I was. Thank you.  
11 A. Yes.

**Pg: 214 Ln: 12 - 19**

### Designation:

214:12 Q. Now, if the -- there's about \$120 million that is six  
13 times 20 during the first half of calendar year 2014,  
14 correct?  
15 A. Yes.  
16 Q. If the City wanted to maintain a \$50 million buffer  
17 that was the threshold that you had identified  
18 earlier, do you remember that?  
19 A. Yes.

**Pg: 215 Ln: 2 - Pg: 217 Ln: 13**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

- 215: 2 Q. So let's go back to what you said earlier. You said  
3 there's no QOL proceeds?  
4 A. Yes.  
5 Q. But we still do the QOL reinvestment initiative?  
6 A. Yes.  
7 Q. As if we had gotten the proceeds?  
8 A. Yes.  
9 Q. If we do that, which roughly anticipated \$20 million a  
10 month over six months, that's the kick start, right?  
11 A. Yes.  
12 Q. The City will have no cash at the end of that six  
13 months.  
14 A. Correct.  
15 Q. I'm going backwards and saying, okay, if I decide that  
16 Mr. Moore's a smart guy who is right to say the City  
17 should have at least 50 million bucks at any time, and  
18 I say 50 million is out of cash, by negative extension  
19 can't I do 70 million of reinvestment initiatives and  
20 still have that 50 million at the end?  
21 A. When I said that the City will be out of cash, I mean  
22 literally negative balance, not hitting a \$50 million  
23 threshold. The City would be out of cash by May of  
24 2014.  
25 Q. Right, that means it would have zero cash.  
216: 1 A. Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 Q. Because it would have spent 120 million out of its own  
3 money rather than borrowing it.

4 A. Yes.

5 Q. Now, let's pretend that we don't do that and we say  
6 that we'll stop when we get down to 50 million at the  
7 end.

8 A. Okay.

9 Q. Can't we spend 70?

10 A. Well, first of all, I referenced that the City would  
11 be out of cash by May.

12 Q. Okay.

13 A. Of 2014. And so we are talking about four months  
14 prior to that, that's \$80 million. If we want to use  
15 a \$50 million threshold, then we're talking about 30  
16 million.

17 Q. Okay. Understood. So it could do 30 million of  
18 reinvestment initiatives.

19 A. Potentially. I would want to look at that because  
20 that negative balance actually grows into June; so  
21 just because we would, and by the way, it's negative  
22 something, and we were, in our exercise that we were  
23 just going through, we were treating it as zero, but  
24 it's a negative number in May, and then it becomes  
25 even more negative in June.

217: 1 Q. Is this something that you have looked at as you sit  
2 here today or have you not?

3 A. Those cash balances as to what they would be? Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

4 Q. I mean, do you have a plan B for if the Court says,  
5 no, I do think that we should wait, I understand that  
6 the problems are pressing, but we'll get to them in  
7 our own way, we'll do it in a different way than you  
8 all want to do, do you have a plan B for that?

9 A. As I say in my declaration, all we know is that we'll  
10 have to substantially cut back the restructuring and  
11 reinvestment and we will have to determine what if any  
12 cash will be available for restructuring and  
13 reinvestment.

**Pg: 217 Ln: 14 - 22**

### **Designation:**

217:14 Q. Have you made a study of which of the reinvestment  
15 initiatives will save lives and which will merely  
16 improve the provision of services within the city, so  
17 I'm comparing for example a new police car as  
18 something that might save a life, whereas a better ERP  
19 system would improve the services in the city but only  
20 at the most attenuated levels do we think of ERP  
21 systems as saving lives, do you understand the  
22 distinction?

**Pg: 218 Ln: 1 - 21**

### **Designation:**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

218: 1 A. I do understand. I don't like to get into trying to  
2 get my arms around all of the indirect relationships  
3 that could exist. I'm not saying that it's easy to  
4 form a relationship between an ERP system  
5 implementation and saving lives, but what we are  
6 talking about is a municipality that is there to  
7 service residents, and if that municipality is not  
8 able to service its residents for whatever reason, if  
9 it can't process revenue that it receives or even send  
10 out bills in the right way, does that mean then that  
11 the City does not have resources to put towards law  
12 enforcement?

13 And without those law enforcement  
14 resources, does that result in a fatality? There are  
15 a number of indirect relationships that could exist,  
16 so I really hesitate to say this doesn't have an  
17 impact on people's lives.

18 BY MR. HACKNEY:

19 Q. So you haven't given consideration then to which of  
20 the proposed reinvestment initiatives will save lives  
21 and which will not?

**Pg: 218 Ln: 23 - 24**

### **Designation:**

218:23 A. We have not categorized the restructuring and  
24 reinvestment in that way.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 219 Ln: 1 - Pg: 220 Ln: 12

### Designation:

219: 1 Q. Now, at some point in time did you, obviously you have  
2 today developed the belief that the City would need  
3 the DIP loan in order to effectuate the restructuring  
4 initiatives?

5 A. Yes.

6 Q. So you know that as you sit here now, when's the first  
7 point in time at which you knew the City will need a  
8 loan to do what I think it needs to do?

9 A. From the time that we put together the plan, so in  
10 June of 2013, we have been focused on how do we get  
11 going on these initiatives. Cash availability has  
12 always been a very important aspect of those  
13 conversations.

14 Q. Okay. But when did you know that you would need the  
15 QOL note to do the reinvestment initiatives?

16 A. I don't know specifically but I certainly recall  
17 having these types of conversations in August.

18 Q. Okay. Because they were out there sourcing it by the  
19 end of August, third to fourth week of August is when  
20 they start sourcing it.

21 A. I think that's right.

22 Q. But didn't you know, you're a sophisticated guy,  
23 didn't you know prior to that time that the City's

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

24 cash position was not good?

25 A. Certainly.

220: 1 Q. So as -- by logical extension, didn't you think it was  
2 likely that it would have to borrow to fund  
3 reinvestment initiatives before it filed?

4 A. Very possible, yes.

5 Q. Now, the City did not begin sourcing the DIP loan  
6 until the third or fourth week of August, isn't that  
7 correct?

8 A. I think that's the time frame, yes.

9 Q. And that represents a five or six-week delay between  
10 the filing of the case and that point in time, is that  
11 correct?

12 A. Yes.

**Pg: 220 Ln: 24 - Pg: 222 Ln: 8**

**Designation:**

220:24 Q. Well, if they had had the DIP loan ready day one,  
25 which as you know in bankruptcy is common, right?

221: 1 A. Motions for DIP financing in bankruptcy, in corporate  
2 bankruptcy, are common. As far as I'm aware, this is  
3 the first post petition financing in a Chapter 9 case  
4 ever.

5 Q. Okay. Didn't you also understand that the City would  
6 likely require a DIP loan in order to exercise the  
7 swap termination rights? I know that wasn't your

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

8 principal obligation but you were tracking that story,  
9 right?

10 A. I was aware that in order to effectuate the proposed  
11 settlement that the City would need to come up with  
12 cash somehow.

13 Q. And it was likely to borrow it?

14 A. Yes.

15 Q. You knew how much cash they had, right?

16 A. Yes.

17 Q. And you knew the approximate size of the swap  
18 termination from the newspaper reports?

19 A. Yes.

20 Q. And you knew the terms of the swap deal prior to or on  
21 the day of the filing because that's when that motion  
22 was filed, right?

23 A. Generally, yes.

24 Q. To your knowledge when was the decision reached to  
25 seek DIP financing?

222: 1 A. I don't know. I was not involved in that decision.

2 Q. Is it your position that lives will be lost if there  
3 is an additional time period here of delay to consider  
4 the DIP as part of a plan of adjustment?

5 A. The implications of not being able to begin the  
6 restructuring and reinvestment program could be very  
7 significant, including lives being lost. We don't  
8 know.



**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

**Pg: 225 Ln: 12 - Pg: 228 Ln: 20**

**Designation:**

225:12 Q. Do you have Exhibit 6 in front of you?

13 A. I do.

14 Q. Did Conway MacKenzie prepare this document?

15 A. No.

16 Q. Do you know who did?

17 A. Ernst & Young.

18 Q. Have you seen this document before?

19 A. Yes.

20 Q. This document as I understand it identifies the

21 funding that was part of the federal funds

22 announcement that was made on September 27, 2013, is

23 that also your understanding of what this document is?

24 A. Yes.

25 Q. I know that you didn't draft this document, I know you

226: 1 only saw it, but I'm going to ask you questions about

2 the document from your personal knowledge.

3 So don't conflate like because it says it

4 here it means it's true. I'm asking you if it is

5 true.

6 A. I understand.

7 Q. If you look down there at the bottom in the left-hand

8 corner there's a number which is 368.1 million, do you

9 see that?

10 A. Say that number again?

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

11 Q. 368.1 million is right here.

12 A. Oh, yes, bottom left corner, I thought you said right  
13 corner.

14 Q. I misspoke if I did. So as I understand it, that  
15 tallies this column right that I'm pointing to here on  
16 the far left, which is all comprised of different  
17 amounts.

18 A. I believe that's the case.

19 Q. So for example, do you see that there are, as part of  
20 that announcement there was \$65 million in HUD  
21 Community Development Block Grants?

22 A. Yes.

23 Q. And that was money that could be used for blight  
24 eradication, is that correct?

25 A. Yes.

227: 1 Q. And in fact there was \$52 million from the Hardest Hit  
2 Fund that we described earlier, correct?

3 A. Yes.

4 Q. If you look at the philanthropic and business org line  
5 entry all the way down to the HUD Neighborhood  
6 Stabilization Program 2 entry, that suggests there is  
7 about \$20 million available for commercial blight  
8 remediation, is that correct?

9 A. Yes.

10 Q. And to your knowledge is that correct that those funds  
11 are now available to the City for that form of  
12 activity?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 A. I don't know.

14 Q. Fair to say that the, many of the activities that the  
15 federal funds can be used for are in similar areas to  
16 the focus of the reinvestment initiatives?

17 A. Specifically blight, if that's what you're referring  
18 to, yes.

19 Q. For example, one of the newly identified funds was \$25  
20 million from FEMA to hire 150 firefighters, correct?

21 A. Yes.

22 Q. And is it correct that that \$25 million in funds was  
23 newly identified on 9-27?

24 A. The SAFER grants, which is what that refers to,  
25 actually the City has been awarded that in the past as  
228: 1 well; so this is essentially the next version of that  
2 SAFER grant.

3 Q. I take it so it's something that you hope and expect  
4 you'll get every year but you don't know that you got  
5 it until they say that you did?

6 A. That's correct.

7 Q. But I guess given that nothing in life is guaranteed,  
8 that was something that was confirmed on September 27,  
9 2013, that will allow an additional 150 firefighters  
10 to be hired, is that correct?

11 A. Yes.

12 Q. And in addition there's a D.O.J. grant below for \$3  
13 million that relates to hiring new police officers,  
14 correct?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

15 A. Yes.

16 Q. So I won't make you go through all of these line by  
17 line, but I do want to ask you some general questions  
18 about the concept of grants from state and federal  
19 authorities.

20 A. Okay.

**Pg: 228 Ln: 21 - Pg: 230 Ln: 6**

### **Designation:**

228:21 Q. And what I want to ask you is, how did you take it  
22 into consideration when you were formulating the  
23 reinvestment initiatives? Did you do what we talked  
24 about earlier, which is to the extent there is a  
25 federal or a private grant that allows for the  
229: 1 advancement of things that are like the reinvestment  
2 initiatives, that's great, it will help us get there  
3 faster, but I'm not reducing the amount that I'm  
4 recommending we spend?

5 A. There are a couple of items. First of all, leading up  
6 to the proposal for creditors, so leading up to that  
7 June 14th date, certainly we anticipated that there  
8 was a chance that we may be able to identify other  
9 sources of funds that could go towards this, but at  
10 that point we didn't know what those funds could be or  
11 what the sources would be.

12 And so as part of laying this out to the

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 overall restructuring team, there was a provision made  
14 in the note that one of the three ways that principal  
15 is paid on that note is if we receive money from other  
16 sources to go towards our plan.

17 So it was sort of a catchall, if you will,  
18 we don't know what the amounts may be, but to the  
19 extent that we receive amounts, then those would go  
20 towards paying on the principal portion of that note,  
21 the \$2 billion note.

22 Q. And what, would amortize it faster?

23 A. Yes, there was no amortization in that note.

24 Principal would only be paid based on those three  
25 things, those three conditions being, or in existence.

230: 1 Q. The three conditions, if there are other funds and if  
2 they can be used?

3 A. One related to higher than forecasted revenue, next  
4 one related to proceeds from asset sales, and the  
5 third one related to cash from other sources that  
6 could go towards the plan.

**Pg: 230 Ln: 7 - 22**

### **Designation:**

230: 7 Q. Okay. Let me turn it around on you a little bit  
8 though, which is to say, even if you can't get the  
9 Quality of Life note proceeds in the time frame that  
10 you want them, and I believe that the City needs them,

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

11 isn't it true that the City will still be able to  
12 spend the grant monies that are identified on this  
13 piece of paper to the best of your knowledge?

14 A. I don't know. I think that that is correct but I  
15 don't know for sure. I just don't know all of the  
16 conditions that exist relative to the use of these  
17 funds.

18 Q. And I take it you have not undertaken a study of that  
19 question?

20 A. Not me, no.

21 Q. And Conway MacKenzie also has not?

22 A. Correct.

**Pg: 230 Ln: 23 - Pg: 232 Ln: 4**

### **Designation:**

230:23 Q. Mr. Moore, has Conway MacKenzie conducted any analysis  
24 of how the proposed reinvestment initiatives will  
25 improve creditor recoveries?

231: 1 A. Just in general.

2 Q. What do you mean by that?

3 A. We believe that if the City can be made an attractive  
4 place for residents and businesses to locate, that  
5 that will potentially result in higher revenue or at  
6 least stabilizing the revenue and not seeing  
7 substantial declines, which have occurred over the  
8 last several years, and there is a potential for

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 reduced expenses as the City is able to operate more  
10 efficiently.

11 If there is more revenue and/or lower  
12 expenses and net cash flow from operations is a source  
13 for creditor recoveries, then that would increase the  
14 amount that is potentially available for creditors.

15 Q. Because it would be deployed to amortize the \$2  
16 billion note?

17 A. Or whatever is decided in terms of how creditors get a  
18 recovery on their claims.

19 Q. And have you taken any effort to quantify that  
20 analysis?

21 A. Well, we certainly, there's already \$350 million in  
22 added revenue in the forecast. The forecast is  
23 somewhat stabilized and there's \$350 million of  
24 additional revenue that is anticipated based on these  
25 activities occurring.

232: 1 There are also some cost reductions that  
2 are netted into the numbers that we're talking about  
3 here that are also based on the expenses being  
4 incurred, expenditures made.

**Pg: 232 Ln: 5 - Pg: 233 Ln: 6**

### **Designation:**

232: 5 Q. You understand that the proceeds of this \$350 million  
6 facility are going to be senior to all the unsecured

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

7 creditors, correct?

8 A. I do.

9 Q. The facility that will be senior I should say.

10 A. I have not spent time on that specifically but that's  
11 my general understanding.

12 Q. Do you have work product anywhere that shows what  
13 creditor recoveries will be in the absence of the  
14 Quality of Life note and compares it to what they will  
15 be in the presence of the note?

16 A. We do not.

17 Q. And if I asked you for any, you've described almost at  
18 a thematic level what could happen if the Quality of  
19 Life reinvestment initiatives are undertaken, fair  
20 statement?

21 A. Yes.

22 Q. You haven't made an effort to analyze the actual  
23 impact on creditor recoveries as a specific dollar  
24 amount if they are or are not taken, correct?

25 A. Well, creditor recoveries are going to be determined  
233: 1 based on a plan of adjustment, and the plan of  
2 adjustment and what gets proposed for various classes  
3 of creditors is not something that I am heavily  
4 involved in.

5 Q. And so it's fair to say that you haven't done that.

6 A. Yes, I think that's fair to say.

**Pg: 233 Ln: 7 - Pg: 234 Ln: 17**



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

233: 7 Q. Now, and I take it if I asked you about each of the  
8 component parts of the Quality of Life note,  
9 reinvestment initiatives, and by that I mean public  
10 safety, information technology, and blight  
11 remediation, and asked you to identify how each  
12 subcomponent will in and of itself improve creditor  
13 recoveries, you would give me a similar answer?

14 A. Yes.

15 Q. Which is that you were not tasked with calculating  
16 that.

17 A. Yes.

18 Q. And that thus you don't know.

19 A. Correct.

20 Q. Do you know if there is another professional or person  
21 affiliated with City of Detroit that is tasked with  
22 conducting that analysis?

23 A. What I would want to clarify is I view two things,  
24 there is what impact does the restructuring and  
25 reinvestment have on the City and its ability to  
234: 1 operate and what the projections may be. There's a  
2 completely separate activity that would involve what  
3 is the proposal and what are the proposed recoveries  
4 for various creditor claims.  
5 So as it relates to the first item, that's  
6 certainly something that we are heavily involved in,

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7            assessing how each one of these investments will  
8            impact and improve the City's operations, its cash  
9            flow, et cetera.

10                            The other part though in terms of what the  
11            proposed treatment will be for each class of creditor  
12            claims is not something that I'm heavily involved in,  
13            certainly Jones Day and Miller Buckfire are both  
14            heavily involved in those items.

15    Q.    Isn't it fair to say that improving City services is  
16            of paramount concern with the impact on creditor  
17            recoveries of secondary concern?

**Pg: 234 Ln: 20 - Pg: 236 Ln: 7**

### **Designation:**

234:20    Q.    To you.

21    A.    I don't think that that's a fair statement. I think  
22            that improving services is, I hate to use the cliché,  
23            win/win situation, but to me it is not only vitally  
24            important for residents and businesses, but it greatly  
25            improves the chances for recoveries for the creditors.

235: 1                            Without spending any money, I'm not sure  
2            that there would be any basis for any recoveries to  
3            creditors.

4    Q.    Let me direct your attention to page 90 of the  
5            proposal to creditors if I could, Mr. Moore.

6                            MR. HAMILTON: Exhibit 3, right?

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

7 MR. HACKNEY: Yes, sir.

8 BY MR. HACKNEY:

9 Q. Do you have that in front of you?

10 A. I do.

11 Q. Do you remember earlier we talked about that  
12 ultimately I think it was like a three-step process  
13 that you and Ernst & Young, Conway MacKenzie and Ernst  
14 & Young worked together on, which was building a  
15 10-year forecast of the City as operated, then  
16 layering in the reinvestment initiatives?

17 A. Yes.

18 Q. And the third step that I just added that you can I  
19 think see on the subsequent pages is then backing out  
20 the unsecured legacy liabilities to make sure you  
21 weren't running a deficit.

22 A. Yes.

23 Q. Or to see if you weren't running a deficit I should  
24 say. You remember we talked about that.

25 A. I do.

236: 1 Q. Is this the first step in that, is this the first two  
2 steps in that process, which is presenting the City as  
3 it operates, plus the reinvestment initiatives?

4 A. Yes, I think that's fair to say. Just to clarify,  
5 what we, what we did here is we have the City as it  
6 operates, including all of the legacy liabilities and  
7 the reinvestment and what that would look like.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 236 Ln: 10 - Pg: 238 Ln: 4

### Designation:

- 236:10 Q. So let me make sure I understand who's doing what.  
11 You see on page 91 where it says reinvestment in the  
12 City?  
13 A. Yes.  
14 Q. If I put a box around that and the lines between that  
15 and total reinvestment in the City, I could fairly  
16 call this Conway MacKenzie work product.  
17 A. Yes.  
18 Q. Now, if I took everything above that and drew a box  
19 around it, what we're going to call the City's typical  
20 operations and expenses.  
21 A. Yes.  
22 Q. I could call that Ernst & Young work product.  
23 A. That's correct.  
24 Q. Okay. Just so we're tracking here --  
25 A. There's just one clarification that I would make. As  
237: 1 you established earlier, I have been heavily involved  
2 in pensions, and there is a line item on page 91 which  
3 relates to pension contributions. You can draw a box  
4 around that as well and that is a Conway MacKenzie  
5 work product.  
6 Q. Okay. Thank you for that clarification. That's  
7 important. I see, because is that the one thing where  
8 you, instead of just looking at how the City operates

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 now, which was, it's a forecast based on historical  
10 activity, was that one line item where you were like  
11 no, we're going to put in what we actually think to  
12 that space?

13 A. Yes.

14 Q. Okay.

15 A. And OPEB is essentially the same way.

16 Q. Okay. Okay. That's a helpful --

17 A. If I can clarify, OPEB really is the same way it's  
18 always been in that it's funded as expenses are  
19 incurred.

20 Q. That's very helpful though because I know that there's  
21 a significant disagreement between the City and the,  
22 some of the retirement funds about what the amount of  
23 the pension contributions need to be and so on and so  
24 forth, so that could have a big impact if you did  
25 business as usual or the, you know, new City's view?

238: 1 A. Yes.

2 Q. And you're saying the new City's view is in that line  
3 item?

4 A. That's correct.

**Pg: 238 Ln: 5 - Pg: 242 Ln: 12**

### **Designation:**

238: 5 Q. So let's go back to this. When Ernst & Young is  
6 looking at revenues, it's projecting the revenues, is

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7           it taking into account the reinvestment initiatives  
8           and their impact on revenue, or are you doing that  
9           separate from them?

10    A.    No, they are doing that.

11    Q.    So when they look at 2023, and they project total  
12           revenues of a billion 45, do you see that?

13    A.    Yes.

14    Q.    They are saying I know that this involves making a  
15           sizeable investment in the City, capital reinvestment  
16           and restructuring, and even with that this is what we  
17           project?

18    A.    Yes.

19    Q.    Now, I note that that number ten years from now is  
20           actually lower than the one that's projected for 2014,  
21           is that correct?

22    A.    Yes.

23    Q.    I am assuming, tell me if you know, do these use what  
24           I would call real-time dollars or are they present  
25           valued in the sense that in 2023 we'll, is the  
239: 1           projection that a billion 45 will show up in total  
2           revenues that year or is the person saying it will be  
3           a different number ten years from now but what it  
4           would be worth today is a billion 45?

5    A.    My understanding is that these are nominal dollars,  
6           not real dollars, nominal meaning this is the amount  
7           of cash that will show up in that year.

8    Q.    That's what I thought it was.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

9 A. Yes.

10 Q. But you know with the notion of inflation and the time  
11 value of money that a billion 45 ten years from now is  
12 worth less than a billion 45 today.

13 A. Presumably, if trends continue.

14 Q. Yeah, we hope. The -- and this is with all of the  
15 anticipated improvements and things, for example, like  
16 income tax collections and real estate collections and  
17 so on and so forth.

18 A. Actually, those operating items, the revenue  
19 initiatives are down here in this, I don't know if  
20 it's just because this is a Conway MacKenzie work  
21 product, as you said, but the, on the bottom of page  
22 91, the first line item under reinvestment in the  
23 city, the 240, approximately \$245 million, these are  
24 those specific revenue initiatives of collecting past  
25 due receivables, improving how we process revenue.

240: 1 Q. Okay. So just as a methodological matter, you guys  
2 considered that concept separately and netted it out  
3 against the restructuring and reinvestment initiatives  
4 and presented it that way.

5 A. Yes, because it's not changing the size of the pie, if  
6 you will, or not getting at the size of the pie which  
7 is the revenue, but it's how efficient the City, or  
8 how effective it is in performing its duties, in terms  
9 of making sure that it's collecting X percent and  
10 going after past due receivables.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

11 Q. So just so I can understand this, if you just look at  
12 what we'll call the Steady State City, which is not  
13 quite right but it's the cost of operating the City  
14 without considering the reinvestment initiatives in  
15 2014 and beyond. Okay?

16 A. Yes.

17 Q. If you look at that number, what it says is that the  
18 City would run a deficit of \$190.5 million this  
19 upcoming year if nothing else changed. Do you see  
20 that?

21 A. Yes, total surplus deficit 190.5, yeah. I think that  
22 I can't speak for Ernst & Young, but these revenue  
23 numbers do take into account this reinvestment.

24 Q. Yes.

25 A. Where a scenario if the reinvestment did not happen,  
241: 1 what would the revenue be in these years and therefore  
2 what would the surplus or deficit be? I don't think  
3 that this schedule answers that question.

4 Q. Understood. Okay. Thank you. That's a helpful note.  
5 Now, when you add on the net effect of the  
6 anticipated reinvestment, the adjusted deficit  
7 increases to \$379 million, is that right?

8 A. Yes.

9 Q. Now, if you flip over to page 97, now you've got the  
10 restructuring scenario, do you see that?

11 A. Yes.

12 Q. Okay. So this is the one that we talked about as



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

13 being the third step so to speak?

14 A. Yes.

15 Q. This backed out the legacy liabilities, correct?

16 A. It treated them down below, yes.

17 Q. I'm sorry, in stages it backed them out. I'll get to  
18 them in a second on page 98.

19 A. Yes.

20 Q. It kept all the other numbers the same.

21 A. Yes.

22 Q. Then on page 98 it deducted out the secured claims on  
23 an annual basis, correct?

24 A. Yes.

25 Q. And what is left is funds available for unsecured  
242: 1 claims, correct?

2 A. Yes.

3 Q. And so if I'm reading this correctly, if the  
4 reinvestment initiatives are undertaken and secured  
5 claims are paid in full as they must be, this  
6 anticipates that there would be \$30 million in 2014  
7 for unsecured claims.

8 A. Fiscal year 2014, yes.

9 Q. Fiscal year 2014. And that number then grows later,  
10 as you go over time, and if you sum all of them, it's  
11 approximately \$803 million, is that right?

12 A. Yes.

**Pg: 243 Ln: 10 - Pg: 244 Ln: 20**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

- 243:10 Q. This operational restructuring summary dated  
11 November 11, 2013, do you have that in front of you?  
12 A. Yes.
- 13 Q. Just so you know, Mr. Moore, I have combined it with a  
14 document that related to the next day's presentation  
15 on November 12th.  
16 A. I see that.
- 17 Q. Is it true that Conway MacKenzie prepared these two  
18 documents?  
19 A. Yes.
- 20 Q. And these were provided to update the financial  
21 advisors of the various creditors on the status of  
22 matters as they stood November 11, 2013.  
23 A. As it relates to the operational restructuring, yes.
- 24 Q. Correct. Was this also an effort to attempt to give  
25 the financial advisors more detail about the specific  
244: 1 findings and problems, risks and opportunities  
2 associated with all of the various or many of the  
3 various departments of the City?  
4 A. Not necessarily. We had conducted a significant  
5 number of due diligence sessions with various  
6 financial advisors back starting in June of 2013, and  
7 information on the departments was presented to the  
8 financial advisors. Unfortunately, new financial  
9 advisors became involved at various points, some as

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 recently as within the last month.

11 What this -- two of the objectives in  
12 preparing these documents was to put in one place  
13 information that some people had already heard, but to  
14 level set with all of the financial advisors on a  
15 significant amount of information related to the  
16 operational restructuring.

17 In addition to that, we provided visibility  
18 to what we had verbally discussed in the past in terms  
19 of what are some of the risks and opportunities that  
20 exist within the plan.

**Pg: 245 Ln: 23 - Pg: 247 Ln: 23**

### **Designation:**

245:23 Q. Do you know what other written work product is out  
24 there that I could stack up next to all these things  
25 and show, you know, this is what the creditors have  
246: 1 been given when it comes to understanding what Conway  
2 MacKenzie is seeing?

3 A. A document that is -- has been used in due diligence  
4 meetings going back to June is all of the supporting  
5 schedules related to the restructuring and  
6 reinvestment amounts, so all of the underlying  
7 details, this number of trucks, this truck on this  
8 year, this facility improved by this amount this year,  
9 so all of the underlying detail has been available to

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 people in the data room going back to the end of June.

11 Q. In terms of how the money would be spent.

12 A. Yes.

13 Q. The reinvestment initiatives.

14 A. Yes.

15 Q. Okay. What I'm particularly interested in though are

16 more of your analytics in terms of Conway MacKenzie

17 people saying things like our response times are not

18 good enough, we need more police cars, we need more

19 fire trucks, et cetera, I'm talking about analysis of

20 the problem.

21 A. Yeah, I don't know everything that's out in the data

22 room, but as we discussed earlier, I think there are

23 departmental documents that are in the data room.

24 In addition to that, in the due diligence

25 sessions that we undertook, typically there would be

247: 1 conversation around those types of things as we used

2 the schedules as our roadmap.

3 Q. People would ask you questions about why do you think

4 you need this and then you would say orally here's

5 what we're finding and here's why we think this will

6 help?

7 A. Yeah, or we have notes in those schedules as well in

8 terms of this is what this relates to.

9 Q. From where I sit, based on what I know, this November

10 document from the November 11th and 12 presentation is

11 the most detailed when it comes to revealing your

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

12 analytics and findings, do you agree with that?

13 A. In terms of putting it all in one place, I think

14 that's probably a fair statement.

15 Q. So there may be other documents that have a similar

16 level of detail about one department or another but

17 this has been both the most comprehensive and the most

18 detailed of all the documents that are out there.

19 A. Yeah. I'm not sure that there's necessarily any new

20 information in the documents from November 11th and

21 12th as compared to what was discussed in due

22 diligence sessions from late June all the way until

23 November.

**Pg: 248 Ln: 14 - Pg: 250 Ln: 2**

### **Designation:**

248:14 Q. Maybe you can help me with this document, Mr. Moore.

15 I'm trying to find what I understood to be the

16 re-creation of this concept.

17 A. Okay.

18 Q. But with the deferral baked into it to take into

19 account the intervening bankruptcy filing.

20 A. Okay. If you take a look at page 14.

21 Q. Yeah.

22 A. This is the 10-year forecast that we talked about

23 before. This is going out through 2023.

24 Q. So is it literally that everything is just the same

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 with the exception of the lumpiness caused by the fact  
249: 1 that the previously anticipated reinvestment  
2 initiatives that were supposed to take place in the  
3 second half of 2013 got pushed into 2014?  
4 A. Yes. So if you take a look at now page 17.  
5 Q. Yeah.  
6 A. This is the post petition financing plan. So this  
7 says, okay, as a result of the bankruptcy and our  
8 desire to pursue post petition financing, here's --  
9 here are updates for '14, '15, '16 and '17. I don't  
10 know if everything is caught up to the dollar by the  
11 end of fiscal year '17, but for the most part all of  
12 the timing comes through during this, by this time.  
13 And then what we did, if I recall  
14 correctly, let me just turn to a particular  
15 department, if you look at, the first one I think is  
16 the Department of Transportation, page 23 has that  
17 same forecast specifically for the Department of  
18 Transportation, page 24 is the layering on of  
19 restructuring and reinvestment items, and then page 25  
20 shows the variance in terms of when we talk about the  
21 deferred restructuring and reinvestment, we're talking  
22 about the post petition financing forecast.  
23 Q. Yeah. And just so I can say it in words that my  
24 lizard brain can understand, that's like a department  
25 by department sub view of the reinvestment initiatives  
250: 1 in the aggregate.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2 A. Yes.

**Pg: 250 Ln: 3 - Pg: 251 Ln: 12**

### Designation:

250: 3 Q. Can you go back to page 17 of the November document  
4 that you were just showing to me.

5 A. This is Exhibit 7?

6 Q. Yes, sir. Do you see that fiscal year 2014 with two  
7 actual, and 10 forecasted, the total operating  
8 receipts there is a billion six, do you see that?

9 A. Yes.

10 Q. Can you help me understand that number compared to the  
11 total revenues forecast in the proposal to creditors  
12 on page 97, the other document?

13 MR. HAMILTON: Exhibit 3?

14 MR. HACKNEY: Yes, sir.

15 A. There are two elements. The first one you see the  
16 last line item in the revenue section is financing  
17 proceeds, so that's the post petition financing.

18 BY MR. HACKNEY:

19 Q. That's the Quality of Life note.

20 A. This is listed as 140 million. Obviously that number  
21 changes all the time. The other item is, that I  
22 believe it's under other receipts, there are some  
23 items that are pass-through type of items, and so in  
24 this regard, if we go back to the other receipts here,

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 the 342.9, there's amount, there's an amount in there,  
251: 1 I believe that that is the distribution to tax  
2 authorities down below of 253.  
3 So if you net those out, then you should  
4 have the same numbers, the same to the extent that you  
5 have two months' of actual in here now.  
6 Q. Right. Okay. So the delta was approximately 540  
7 million and you identified 140 plus 250?  
8 A. Yeah. And I would have to look at that variance  
9 analysis specifically, but clearly one of the items in  
10 terms of how this was approached is that certain items  
11 that are pass-through were shown both on the income  
12 and the expense line item.

**Pg: 251 Ln: 24 - Pg: 252 Ln: 23**

### **Designation:**

251:24 Q. You served on the legislative commission on government  
25 efficiency, isn't that correct?  
252: 1 A. Yes.  
2 Q. And isn't it true that the legislative commission was  
3 asked to consider almost all aspects of the State of  
4 Michigan's operations?  
5 A. Yes.  
6 Q. Although the operations it was considering ultimately  
7 only involved approximately 1.6 of the State's budget,  
8 1.6 percent of the State's budget, is that correct?



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 9 A. It depends on how you define the budget. A  
10 substantial portion of the State's budget is federal  
11 funds that are essentially pass-through; so when you  
12 look at it from the standpoint of what the State's  
13 true general fund is, we looked at a pretty good  
14 portion of that.
- 15 Q. And that was also a significant undertaking, isn't  
16 that correct?
- 17 A. Depends on how you define significant.
- 18 Q. Let's define it by reference to the undertaking, the  
19 work you did for the City.
- 20 A. It pales in comparison to the work that I've done with  
21 the City.
- 22 Q. Because it was far less?
- 23 A. Yes.

**Pg: 252 Ln: 24 - Pg: 254 Ln: 20**

### **Designation:**

- 252:24 Q. The commission ultimately generates a report, isn't  
25 that correct?
- 253: 1 A. Yes.
- 2 Q. And the recommendations in the report represent the  
3 unanimous opinion of the committee except where  
4 commissioners dissented, correct?
- 5 A. That's correct.
- 6 Q. And you did not dissent, isn't that right?

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

7 A. That's correct.

8 Q. Now, the commission received support from subject  
9 matter experts in the House and Senate fiscal  
10 agencies, isn't that correct?

11 A. Yes.

12 Q. It also had resources, resource persons from the  
13 legislative service branch, is that right?

14 A. Yes.

15 Q. Also had assistance from the executive branch, isn't  
16 that correct?

17 A. Yes.

18 Q. And it relied on outside experts in the course of  
19 performing its work, isn't that correct?

20 A. Yes.

21 Q. And ultimately the commission took approximately 18  
22 months to complete its work and deliver a final  
23 report, is that right?

24 A. 18 to 20 months or thereabouts.

25 Q. The -- one of the things the commission noted was that  
254: 1 the State of Michigan's problems were largely  
2 structural driven primarily by the changing nature of  
3 Michigan's population, including shrinking population,  
4 aging population and shifting population in terms of  
5 where they reside, do you remember that?

6 A. I do.

7 Q. Those problems are similar to the problems suffered by  
8 the city of Detroit, isn't that correct?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 9 A. Certainly some of them.
- 10 Q. Shrinking population and aging population are two of  
11 the ones that are similar, correct?
- 12 A. Not sure about aging, but certainly shrinking.
- 13 Q. The legislative commission's report also went on to  
14 say that the State's problems were driven by job  
15 losses particularly in the manufacturing sector,  
16 correct?
- 17 A. Yes.
- 18 Q. Manufacturing job losses has also hit Detroit hard,  
19 correct?
- 20 A. Yes.

**Pg: 254 Ln: 21 - Pg: 255 Ln: 8**

### **Designation:**

- 254:21 Q. We won't go through that entire document just to save  
22 the time so I can pass the baton here, but I do want  
23 to note that the commission came up with a number of  
24 different recommendations, isn't that correct?
- 25 A. Yes.
- 255: 1 Q. Many of those recommendations were for further studies  
2 to be undertaken, isn't that correct?
- 3 A. Yes.
- 4 Q. The commission itself was not able to conduct the  
5 further studies it recommended taking otherwise it  
6 would have revealed the reports of those studies in

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

7           its report, correct?

8    A.    Correct.

**Pg: 255 Ln: 9 - 24**

### **Designation:**

255: 9    Q.    Let me go back and ask you about some of the efforts  
10           you're undertaking now.  Isn't it true that the City's  
11           trying to employ strategies that may allow it to  
12           achieve additional collections of \$32 million in  
13           income tax receivables?

14    A.    Approximately \$42 million actually of income tax  
15           receivables have been bid out to be collected.

16    Q.    When is it hoped that they will be collected?  Oh I  
17           see, are you selling it to people so you get the money  
18           now and they get whatever they can recover?

19    A.    We are contracting with an outside party that will be  
20           paid on a contingent basis based on a portion of what  
21           they collect.

22    Q.    When's it anticipated that that money might come in?

23    A.    Well, certainly we hope to get some of that this year  
24           and I think it's into the next fiscal year as well.

**Pg: 256 Ln: 15 - Pg: 258 Ln: 25**

### **Designation:**

256:15   Q.    Don't the restructuring and reinvestment initiatives

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

16           involve a number of actions that will affect the  
17           City's assets over the next year?

18    A.    It may affect some of the assets over the next year,  
19           yes.

20    Q.    Assets could be sold, correct?

21    A.    I'm not sure about that.

22    Q.    Assets could be abandoned, correct?

23    A.    Which assets would you be referring to?

24    Q.    IT assets of the City if it no longer decides to use  
25           the Dreams program?

257:1   A.    Well, abandoning an application, I'm not sure if  
2           that's necessarily what I think of when I hear the  
3           word "abandon."

4    Q.    Isn't it possible that the City will likely close and  
5           sell fire stations?

6    A.    The City has actually already undertaken that process.  
7           I don't know if any additional activities will occur  
8           in that regard.

9    Q.    And it will hopefully, it will hopefully close and  
10           sell police stations?

11   A.    I'm not sure if that will happen actually.

12   Q.    It will sell off old fleet vehicles?

13   A.    Possibly, if there's any value at all.

14   Q.    The restructuring and reinvestment initiatives may  
15           also involve outsourcing functions like income tax,  
16           accounting, risk management and Workers' Comp, is that  
17           correct?

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18 A. Those are possible activities; however, they have not  
19 been built into the restructuring and reinvestment  
20 plan.

21 Q. The City's considering as part of the restructuring  
22 and reinvestment initiatives outsourcing fleet  
23 maintenance, facilities maintenance, grounds  
24 maintenance, custodial and forestry, is that correct?

25 A. Yes, well, those are specific RFPs that have been  
258: 1 issued, and/or will be issued very shortly, and  
2 depending on what the results are of that process, we  
3 may outsource those activities.

4 Q. These things are presently being done by the City but  
5 by definition of the word outsourcing would instead be  
6 done by private contractors?

7 A. Yes.

8 Q. You're considering as part of the restructuring and  
9 reinvestment initiatives outsourcing data center  
10 backup, correct?

11 A. That's possible.

12 Q. As well as outsourcing various IT functions for  
13 different departments, correct?

14 A. Again, those are just possibilities.

15 Q. And those are things that may happen in the next year?

16 A. It's unclear if they'll happen in the next year or  
17 not. There's not a specific process in place. Those  
18 are items that have been identified that we would like  
19 to look at; however, they are not the highest

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

20 priorities.

21 Q. They are all things that impact operational  
22 restructuring or could.

23 A. Could.

24 Q. And they are all being presently considered, correct?

25 A. Yes.

**Pg: 259 Ln: 1 - 3**

### **Designation:**

259: 1 Q. Isn't one of the key challenges for the City of  
2 Detroit its large geographical size?

3 A. It is a challenge, yes.

**Pg: 259 Ln: 15 - Pg: 260 Ln: 6**

### **Designation:**

259:15 Q. Isn't part of the problem the City's out approximately  
16 139 square miles, is that right?

17 A. It is.

18 Q. Isn't part of the current problem that Detroit faces  
19 is that it's a city that was built for 2.2 million  
20 people and now has just 684,000.

21 A. Well, built meaning it has the physical geographic  
22 size to accommodate 2.2 million?

23 Q. Yes.

24 A. Well, you can fit a lot more than 2.2 million people

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 in that size.

260: 1 Q. Sure. I guess what I was saying is, its size makes  
2 more sense the more people that are living here.

3 A. It has a certain, there's a certain cost with,  
4 associated with servicing 139 square miles, and the  
5 more revenue that you can get to help accommodate that  
6 cost, the better you are.

**Pg: 260 Ln: 7 - 17**

### **Designation:**

260: 7 Q. Now, the reinvestment initiatives that we've been  
8 discussing today assume that there will be no decrease  
9 in the geographic size of the city, isn't that  
10 correct?

11 A. Correct.

12 Q. There will be no effort made to reduce the city's  
13 geographical footprint to match its population  
14 footprint, correct?

15 A. Correct, there's no, to be specific, there is nothing  
16 in the plan that involves changing the city's  
17 boundaries.

**Pg: 260 Ln: 18 - Pg: 261 Ln: 2**

### **Designation:**

260:18 Q. It's fair to say that your review of the Police



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

19 Department proceeded from the understanding that it  
20 needed to be able to police a 139-square mile city,  
21 correct?

22 A. Or someone needed to be able to service a 139-square  
23 mile area.

24 Q. Whether it was the police or private contractors.

25 A. Or some other jurisdiction.

261: 1 Q. Same concept for fire.

2 A. Yes.

**Pg: 261 Ln: 3 - 15**

### **Designation:**

261: 3 Q. Now, isn't it true that substantial work needs to be  
4 done with respect to the City plan for the future City  
5 of Detroit?

6 A. The Detroit Future Study is really a multi-decade  
7 study. It's a vision. That is not something that  
8 will be achieved within this 10-year horizon or even  
9 perhaps the next ten years.

10 Q. The Detroit Future City Plan has not yet been  
11 codified, isn't that correct?

12 A. I'm not sure that there is a, that it ever will be  
13 codified.

14 Q. It hasn't today though.

15 A. Not that I'm aware of.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 262 Ln: 15 - Pg: 263 Ln: 13

### Designation:

262:15 Q. So let me take a step back, I really need to hand the  
16 baton, but you agree that future city planning is an  
17 important aspect of City development, correct?

18 A. Absolutely.

19 Q. And there are problems currently with the way the City  
20 planning exists in the City of Detroit?

21 A. Yes.

22 Q. Examples of those problems are, number one, that the  
23 Detroit Future City Plan has not yet been codified?

24 A. Yes.

25 Q. And it has a lot of good ideas, so it would be a good  
263: 1 idea to codify them.

2 A. Yes.

3 Q. In the process, you could align the City's master plan  
4 with that Detroit Future City Plan, correct?

5 A. Yes.

6 Q. And you would also still need to align zoning  
7 ordinances and rewrite them in a way that would then  
8 enable implementation of that new master plan,  
9 correct?

10 A. Yes.

11 Q. Aligning these plans will better allow for the future  
12 development of the City.

13 A. Yes.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 264 Ln: 8 - Pg: 268 Ln: 8

### Designation:

264: 8 Q. Mr. Moore, have you seen what's been marked as Moore 9  
9 before?

10 A. Yes.

11 Q. I see on the first page that E & Y is claiming  
12 ownership of this, did Conway MacKenzie participate in  
13 its preparation?

14 A. We provided information to Ernst & Young that they  
15 used to compile this.

16 Q. Okay. Do you know, was this liquidity, well, call it  
17 cash flow forecast, was this provided to your  
18 knowledge to prospective lenders for the debt?

19 A. I don't know.

20 Q. Do you see in the top right-hand side there's a date  
21 9-10-13?

22 A. Yes.

23 Q. Have you seen a version of this document dated later  
24 than 9-10-13?

25 A. The dates on documents are sometimes somewhat  
265: 1 confusing. What this represents is the last version  
2 of this cash forecast that I recall.

3 Q. Okay. So whatever its date is, you're not aware of a  
4 more recent one.

5 A. That's correct.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

6 Q. If you could turn to the second page, at the top it  
7 says cash bridge, funds available for unsecured claims  
8 per creditor proposal versus DIP financing scenario,  
9 do you see that?

10 A. Yes.

11 Q. Am I correct in understanding creditor proposal here  
12 to refer to the June 14th creditor proposal?

13 A. Yes.

14 Q. If you know, I'm looking at the top line which says  
15 funds available for unsecured claims per creditor  
16 proposal, are those numbers across the top, 30 million  
17 for 2014, 31 for 2015, et cetera, are those funds that  
18 would have been available under the original creditor  
19 proposal for distribution to creditors under the \$3  
20 billion note or bond?

21 A. Those are two separate items. So the, in the creditor  
22 proposal there's the 10-year projection and that shows  
23 a net amount available to, or for unsecured claims,  
24 and the total over the 10 years is \$803 million.

25 The \$2 billion note, payments of principal  
266: 1 on that note were from the three sources that I  
2 indicated before.

3 Q. Right.

4 A. To the extent that there's interest paid on that note,  
5 that possibly could come from here.

6 Q. All right. So these, the top line represents general  
7 fund amounts that would have been available for

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

8 payment to creditors under the June 14th proposal?

9 A. Yes.

10 Q. Dropping down to, well, let me ask another question  
11 before we get to the bottom. One of the line items  
12 here is refunding bond proceeds drawn from escrow, do  
13 you know what that is?

14 A. Yes, the City refinanced, actually obtained financing  
15 I believe in August of 2012. Part of that financing,  
16 part of those proceeds were used to refinance other  
17 debt and there was a net amount that the City  
18 received.

19 The State of Michigan has been holding on  
20 to a portion of those proceeds. This assumes that \$20  
21 million of the amounts that are still being held by  
22 the State are received by the City.

23 Q. And what is the total amount being held by the State  
24 in this refunding bond proceeds escrow account?

25 A. I believe right now there's \$80 million still being  
267: 1 held by the State.

2 Q. And do you know what the conditions are to release of  
3 the funds from that escrow?

4 A. I don't.

5 Q. So you don't know what the prospects are for the City  
6 meeting those conditions to get release of \$20 million  
7 in 2014?

8 A. I don't.

9 Q. The next line on here, not the next, next line I'm

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

10 going to ask you about is net cash flow for per DIP  
11 financing scenario. Is that line supposed to  
12 represent what happens to funds available for  
13 unsecured claims if the DIP financing is obtained on  
14 the terms presently contemplated?

15 In other words, just look at fiscal 2014,  
16 it shows \$30 million available for unsecured claims  
17 under the June 14th proposal.

18 A. Yes.

19 Q. We drop down to net cash flow per DIP financing  
20 scenario and that 30 million, has that 30 million now  
21 become 87.6 million?

22 A. I think that's a fair statement.

23 Q. And then in 2015, the 31 million positive has become a  
24 deficit of 62.9 million, am I reading that correctly?

25 A. I think that's correct.

268: 1 Q. And then it's roughly the same and then drops again in  
2 2017 below what was there. Do you know, have you seen  
3 anything that runs this analysis out past 2017?

4 A. No.

5 Q. So you don't know at what point, if ever, the DIP  
6 financing scenario, other than the first year, shows  
7 an improvement of funds available for unsecured  
8 claims.

**Pg: 268 Ln: 11 - Pg: 270 Ln: 12**

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

### Designation:

268:11 A. There have been various scenario analyses that take  
12 into account what risks and opportunities may be  
13 present. As an example, a big risk is lower property  
14 tax collections.

15 Some of those scenarios that I've looked at  
16 do go out beyond 10 years. I'm not aware of a cash  
17 forecast that related to the post petition financing  
18 that goes out beyond fiscal year 2017.

19 BY MR. MARRIOTT:

20 Q. So as far as you know, a comparison of funds available  
21 for unsecured claims under the June 14th proposal to  
22 funds available for unsecured creditors under the DIP  
23 financing scenario has not been done out past 2017, or  
24 at least you haven't seen it?

25 A. Yeah, except for as I indicated, there are scenario  
269: 1 analyses that have been undertaken that go beyond 2017  
2 taking into account various risks and opportunities,  
3 nothing that has been completed though.

4 Q. Further down the same page there's a block of numbers  
5 under the heading Memo 1, reinvestment timing change,  
6 do you see that?

7 A. Yes.

8 Q. And then is that what you and Mr. Hackney have  
9 previously addressed, when we say reinvestment timing  
10 change here, are we talking about the roll forward  
11 that's been necessitated since the originally

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

12 contemplated commencement of reinvestment?

13 A. Yes.

14 Q. And am I reading this correctly to say that that roll  
15 forward produces additional positive cash flow in 2014  
16 because expenditures you had expected to make in  
17 fiscal year 2014 in fact won't be made until later?

18 A. Yes.

19 Q. Memo 2 is DIP financing related activity and it makes  
20 certain assumptions regarding interest rate on the DIP  
21 and the like. Do you know whether any sensitivity  
22 analysis was performed on this analysis for varying  
23 interest rates that might be payable under the DIP?

24 A. Not that I'm aware of.

25 Q. So you haven't seen a version of this that assumes an  
270: 1 interest rate of 6.5 percent or a version that assumes  
2 3 percent or something else?

3 A. Well, in the scenario analyses that I was just  
4 referring to, I have seen something get modeled at 6  
5 and a half percent, and even up to 8 percent, or 8 and  
6 a half percent as well, which is under a default  
7 scenario, but these are just scenario analyses.

8 Q. Who's prepared these scenario analyses that you've  
9 looked at?

10 A. Ernst & Young.

11 Q. And have they been placed in the data room?

12 A. No, these analyses have not been finalized.



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 272 Ln: 1 - Pg: 273 Ln: 11

### Designation:

- 272: 1 Q. All right. This is reinvestment adjustments detail,  
2 do you see that Appendix B?
- 3 A. Yes.
- 4 Q. Were these numbers that comprise this detail, were  
5 they provided by Conway MacKenzie?
- 6 A. Yes.
- 7 Q. If you would turn to the last page of that appendix,  
8 which is Bates 200067, and at the very bottom there's  
9 a net impact of reinvestment line which shows an  
10 impact on cash flow for each -- a negative impact on  
11 cash flow for each of 2014, 2015, '16 and '17, do you  
12 see that?
- 13 A. Yes.
- 14 Q. Is this negative impact based upon implementation of  
15 only the Quality of Life note proceeds or are you  
16 assuming in this net impact of reinvestment that  
17 you're also doing the other components of the 1.25  
18 billion that you had planned for those years?
- 19 A. It's the latter; so this is incorporating all of the  
20 restructuring and reinvestment in those years, not  
21 just \$120 million worth. So the forecast contemplates  
22 that we will spend \$151 million net, I'll use the  
23 restructuring disbursements, that's probably an easier  
24 way, rather than netting out the restructuring

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 receipts.

273: 1 So \$170 million in fiscal year '14; \$232  
2 million in fiscal year '15; 175 million in '16; and  
3 189 million in '17.

4 Q. That's what I thought but I wanted to be sure.

5 Why don't we go to what was already put in  
6 as Moore 8, which is a document captioned City of  
7 Detroit Restructuring Priorities. Is this a document  
8 that was prepared by Conway MacKenzie?

9 A. In looking at this, the summary bullets that appear  
10 midway through the document, that is a Conway  
11 MacKenzie document. The first -- so Bate stamp 906.

**Pg: 275 Ln: 16 - Pg: 277 Ln: 2**

### Designation:

275:16 Q. So let me start over. Looking at the first four pages  
17 and the priorities listed there and the associated  
18 estimated cost, do you see that each of the boxes has  
19 a list of priorities and a list of estimated costs?

20 A. Yes.

21 Q. Although some of them are TBD and some are not  
22 applicable. Do you know whether these priorities and  
23 their estimated costs were used in connection with  
24 sizing the Quality of Life note?

25 A. I don't know if they were used.

276: 1 Q. For that purpose.

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

2 A. Correct.

3 Q. If you could turn to page three of the first four  
4 pages, Finance Department, one of the priorities is to  
5 select and implement an ERP system, do you see that?

6 A. Yes.

7 Q. And an estimated cost there of, if I'm reading this  
8 document correctly, 30 to \$50 million.

9 A. Yes.

10 Q. If you would then turn to the fourth page, very bottom  
11 box, Department of Information Technology Services,  
12 the bottom priority there is implement a city-wide IT  
13 system.

14 Now, shows a target completion of  
15 April 2013. I'm assuming that's a typo and it was  
16 April 2014. Am I correct in that assumption do you  
17 know?

18 A. Yes, that's right, that would be a typo.

19 Q. And it shows an estimated cost again of 30 to \$50  
20 million, do you see that?

21 A. Yes.

22 Q. Now, is that an additional 30 to 50 million or is the  
23 30 to 50 million estimate for an aggregate one for  
24 both ERP and city-wide IT?

25 A. Those are one in the same.

277: 1 Q. So the aggregate is 30 to 50 million.

2 A. Yes. IT, the ITS division is part of finance.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 277 Ln: 12 - Pg: 278 Ln: 11

### Designation:

- 277:12 Q. All right. Mr. Moore, do you recognize what's been  
13 marked as Moore 10?
- 14 A. Yes.
- 15 Q. Says key operational updates as of September 24th, is  
16 this a document that was prepared by Conway MacKenzie?
- 17 A. Yes.
- 18 Q. For whom is this document created?
- 19 A. This is a document that I would have prepared to  
20 review with Kevyn Orr.
- 21 Q. And is this the only one of its kind or is it one of a  
22 series?
- 23 A. There are various forms that I have used in my  
24 communications with Mr. Orr. Generally they follow  
25 these types of items, in terms of identifying  
278: 1 immediate term action items, as well as upcoming, key  
2 recent and upcoming activities.
- 3 Q. Is there a version of this document more recent than  
4 September 24th, 2013?
- 5 A. I have provided updates to the EM office since this  
6 time, yes.
- 7 Q. Do you know what the date of the most recent one is?
- 8 A. I had a meeting with the EM office on Monday of this  
9 week.
- 10 Q. So that would be December 2nd?

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

11 A. Correct.

**Pg: 278 Ln: 21 - Pg: 279 Ln: 22**

**Designation:**

278:21 Q. You say here, I'm looking at the police at the top,  
22 for example, no immediate term action items required.  
23 Do you see that?

24 A. Yes.

25 Q. When you used the term, the phrase "immediate term,"  
279:1 what is the time frame you intend to cover? In other  
2 words, when you say no immediate term action items  
3 required, what is the horizon that that covers?

4 A. At that meeting.

5 Q. In other words, what you're saying is there is nothing  
6 that Mr. Orr needs to do as a result of that meeting  
7 with respect to police?

8 A. Yes. There are times, I'll give you an example.  
9 Under fire, and the first item under finance, these  
10 are items that I have in my hand, Mr. Orr, I recommend  
11 these items happen now.

12 The second item under finance I was  
13 providing a bit of an update, which is during this  
14 current week, it doesn't exist in my hand today, but  
15 this week we will be recommending that you approve the  
16 phase two assessing project of Plante Moran.

17 Q. Okay.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

- 18 A. So we are talking very immediate.
- 19 Q. So in other words, what you're really saying here with  
20 the police is, Mr. Orr, there's nothing I need you to  
21 do today.
- 22 A. Correct.

**Pg: 279 Ln: 23 - Pg: 282 Ln: 18**

### Designation:

- 279:23 Q. Okay. If you could just flip to the bottom of 11729,  
24 carrying over to the top, vital records entry.
- 25 A. Yes.
- 280: 1 Q. Next page says no immediate action items but October 1  
2 transition date if jeopardy if Wayne County does not  
3 sign IGA. What's that about?
- 4 A. First of all, an IGA is an intergovernmental  
5 agreement.
- 6 Q. That's helpful.
- 7 A. One of the items that we identified as an operational  
8 improvement involved the City getting out of the vital  
9 records business. This is -- it's redundant with an  
10 activity that Wayne County already undertakes.
- 11 Wayne County does the exact same thing and  
12 they charge a lower cost. People use the Wayne County  
13 service; so getting out of this business completely  
14 save -- would save the City money.
- 15 We negotiated the intergovernmental

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 agreement with Wayne County and everything was all set  
17 and we were to begin a transition on October 1st;  
18 however, as of this date we still had not received the  
19 signed IGA from Wayne County, and I wanted to make him  
20 aware of that.

21 And as a result of that, there was  
22 follow-up by Mr. Orr's office in terms of  
23 understanding specifically where the IGA sat with the  
24 county commissioners.

25 Q. Have you ever met with City Council or its  
281: 1 representatives to discuss your restructuring  
2 initiatives?

3 A. Yes.

4 Q. How many times?

5 A. Prior to Gary Brown being appointed chief operating  
6 officer, Gary had been on City Council previously, now  
7 I interact with Mr. Brown almost daily, but prior to  
8 him taking that role, I would say, between my team and  
9 me, maybe three times.

10 Q. And what was the most recent?

11 A. Perhaps in May.

12 Q. In May.

13 A. Yes.

14 Q. So you have not met with City Council, well, neither  
15 you nor your team have met with City Council or its  
16 representatives to discuss the restructuring  
17 initiatives since the bankruptcy case was filed, is

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

18           that correct?

19    A.    One of my partners has had some interaction with the  
20           president of City Council, Saunteel Jenkins, that's  
21           Van Conway, and that's been as recent as I think in  
22           October, but in terms of sitting down and reviewing  
23           restructuring initiatives, I don't think that there  
24           have been any meetings since approximately May.

25    Q.    What was the topic of the most, the October meeting  
282: 1           you just mentioned, do you know?

2    A.    They were actually talking about potentially having  
3           some more communication between City Council and  
4           Conway MacKenzie.

5    Q.    Is it your intention to seek City Council formal  
6           approval of any of the restructuring initiatives you  
7           contemplate?

8    A.    That's not up to me, I leave that to Mr. Orr, and if  
9           Mr. Orr would like for me or anyone from my firm to  
10           present to City Council, then we certainly would do  
11           that.

12   Q.    And then one more question and then I'll let you go,  
13           Mr. Hackney was comprehensive.

14                    I take it since you really haven't met in  
15           any sort of formal fashion with City Council since  
16           May, that Conway MacKenzie did not participate in any  
17           presentation to City Council regarding the DIP loan?

18    A.    Correct, that's right.



## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 286 Ln: 23 - Pg: 287 Ln: 8

### Designation:

286:23 Q. Well, are you saying that all of the DIP proceeds will  
24 in fact be used for the reinvestment initiative or  
25 reinvestment and restructuring initiatives?

287: 1 A. We just have not presented it that way; so again, the  
2 cash comes in and then the cash goes out. There is  
3 just not a presentation that is used specifically for  
4 that. I'm not aware of any restrictions that would  
5 necessarily be in place in that regard, but certainly  
6 there are more uses in terms of restructuring and  
7 reinvestment than there is, than there are sources of  
8 Quality of Life proceeds.

Pg: 288 Ln: 14 - Pg: 290 Ln: 6

### Designation:

288:14 Q. Is it your opinion that all of the DIP proceeds are  
15 essential to maintaining City services in the next  
16 year or two years?

17 A. Yes.

18 Q. And what's the basis for that opinion?

19 A. The City as it's operating right now, it's incredibly  
20 difficult for the City to perform the most basic  
21 duties. The City is losing people on a daily basis;  
22 the difficulty in performing those basic duties is

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

23 getting greater every day.

24 I hesitate to think what it would look like

25 if there was no restructuring and reinvestment

289: 1 spending for the next year, how poorly the services  
2 would become, and potentially how much more expensive  
3 it may be to fix given that additional deterioration.

4 Q. That addresses the issue of whether additional money  
5 is needed. I don't think it addresses the issue of  
6 where does that money come from. Why does it have --  
7 why do you have to fund these, that you say are  
8 essential expenditures, out of a DIP loan? Why can't  
9 you fund it through sale of assets, for example?

10 A. My understanding, first of all, of your question was  
11 that you were asking about whether it was necessary to  
12 spend this money. I didn't take from your question  
13 that you were asking whether it was necessary to get  
14 DIP financing.

15 Q. Understand.

16 A. I am not aware of any other sources available right  
17 now to fund these items.

18 Q. And have you looked at other sources yourself and your  
19 company?

20 A. Conway MacKenzie is not involved specifically in the  
21 evaluation of potential asset sales. We have provided  
22 or performed a support role as it relates to one of  
23 the primary items that has been publicly indicated  
24 that may be considered for a transaction and that's

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

25 related to the Water and Sewer Department, but beyond  
290: 1 that we are, we tend not to be involved in anything  
2 else in that regard.  
3 Q. Is there anybody else working for the City who is  
4 involved in that?  
5 A. Miller Buckfire has the primary task of evaluating the  
6 potential asset, sales of assets.

**Pg: 291 Ln: 11 - Pg: 292 Ln: 15**

### **Designation:**

291:11 Q. I'm not sure, but I believe there was a discussion  
12 earlier about attrition. Do you know how many  
13 employees have -- by how much the number of employees  
14 in the City has decreased over the last year?  
15 A. I look at those numbers all the time. Off the top of  
16 my head, I can't recall the exact number.  
17 Q. Well, I have a number that says 902, but I can't tell  
18 you where it came from. Does that sound in the  
19 ballpark?  
20 A. That could be right.  
21 Q. Does that produce a cash flow of savings to the City?  
22 A. No, not necessarily. Actually, in many instances it's  
23 a further drain on cash flow; so we have fewer heads,  
24 that drives overtime and we pay more through overtime.  
25 Some departments where not even six months  
292: 1 through the fiscal year and they've exhausted their

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

2           entire budget for overtime at this point; so it's  
3           actually a very inefficient use of dollars right now  
4           because of that corresponding aspect, not to mention  
5           several other inefficiencies that occur.

6    Q.    Has there been some decrease nevertheless in the --  
7           some savings nevertheless rather?

8    A.    If you just measure the amount of money going out the  
9           door for labor right now, as compared to what was  
10          budgeted, yes, that amount is lower, but you have to  
11          take into account those other expenses as well and I  
12          have not done a thorough analysis on that.  Certainly  
13          could actually be more expensive though.

14   Q.    Just don't know.

15   A.    I don't know.

**Pg: 293 Ln: 10 - 13**

### **Designation:**

293:10   Q.    So in reality the City is not necessarily honoring the  
11          separation of the DIP proceeds into Quality of Life on  
12          the one hand or the swap termination proceeds on the  
13          other?

**Pg: 293 Ln: 15 - 18**

### **Designation:**

293:15   A.    The Quality of Life loan proceeds are shown as coming

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

16 in. The swap settlement proceeds don't show as coming  
17 in because those, as I understand it, will go directly  
18 towards the settlement.

**Pg: 293 Ln: 20 - 23**

### **Designation:**

293:20 Q. If that settlement does not occur and those other  
21 additional funds come in in addition to the 120 for  
22 the Quality of Life note, would that additional money  
23 be dealt with in the same manner?

**Pg: 294 Ln: 1**

### **Designation:**

294: 1 A. I don't know.

**Pg: 294 Ln: 3 - 8**

### **Designation:**

294: 3 Q. Another question that was asked is have you met with  
4 City Council relating to DIP and you said no, but have  
5 you prepared any analysis on behalf of Conway  
6 MacKenzie or the City for the City Council related to  
7 the DIP?  
8 A. No.

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

Pg: 295 Ln: 4 - Pg: 298 Ln: 23

### Designation:

295: 4 Q. Are the -- are you familiar with the document that I  
5 just handed to you that's marked as Exhibit 11?

6 A. I have not seen this document.

7 Q. Did your involvement in the operational aspect of the  
8 City's finances include delineating which reductions  
9 will take place in those first six months of fiscal  
10 year 2014?

11 A. Yes. The schedule that had been alluded to before,  
12 which showed the comparison between what was in the  
13 creditor proposal and what was in the post petition  
14 financing forecast, the recommendations on the timing  
15 changes were driven by Conway MacKenzie.

16 Q. Are any of the changes that you just talked about, any  
17 of the reductions for fiscal year 2014, embodied in an  
18 amendment to the 2014 budget that is set forth in the  
19 document that I just handed to you?

20 A. No.

21 Q. So is this document a separate set of reductions to  
22 the fiscal year 2014 budget?

23 A. Although I have not seen this document, based on my  
24 quick glance, I am familiar with what I believe it was  
25 intending to do, and that is, the City adopted a  
296: 1 budget that was inconsistent with the creditor  
2 proposal; so the budgeting department of the City

## Objectors' Designations From December 4, 2013 Deposition of Charles Moore

3 begins its activities six months or more in advance of  
4 when a fiscal year begins.

5 So the budget for fiscal year '14, which is  
6 the one that we're in right now, that budget did not  
7 match up with the creditor proposal. The intention of  
8 this, as I understand it, is to bridge closer to the  
9 creditor proposal.

10 So items were moved out of certain  
11 budgetary accounts into a bucket, and then as  
12 initiatives are undertaken, it will come from this  
13 budget, or this bucket I should say, and moved into  
14 the respective departments.

15 Q. If we look at the first page of the document, it  
16 states that debt service appropriations for pension  
17 obligation certificates and limited tax general  
18 obligation debt for which principal and interest are  
19 not being remitted during the Chapter 9 bankruptcy  
20 filing are to be reallocated for general operational  
21 restructuring purposes.

22 And then the next paragraph it talks about  
23 the Budget Department requests that you amend the  
24 City's fiscal year 2014 budget to shift \$95 million  
25 from various appropriations in the general fund to the  
297: 1 general restructuring account.

2 Do you see that portion?

3 A. Yes.

4 Q. Is that consistent with the explanation that you just

**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

5           gave me or did I misunderstand your explanation?

6           Because they sound different to me.

7   A.    It is consistent with my explanation or the answer  
8           that I've previously given.

9   Q.    At the bottom where it states reallocation amendments  
10          from the restructuring account will also be required,  
11          is that what you meant when you said they were going  
12          to be moved to one bucket and then moved back later?

13   A.    Yes.

14   Q.    So on the second page, there's a long list of funds  
15          that, as I understand this document, had  
16          appropriations as part of the budget, and these  
17          particular appropriations are actually being  
18          decreased, so the money's being taken away, right?

19   A.    Yes.

20   Q.    And this includes appropriations for finance, the IT  
21          Department, the fire department, the police  
22          department, the Public Lighting Department, et cetera.

23   A.    Specifically related to LTGO indebtedness and the  
24          pension obligation certificates, so it's taking the  
25          amounts that were appropriated for those two items  
298: 1       from these various departments and moving it into a  
2           restructuring bucket.

3   Q.    So let me see if I understand your, how this relates  
4          to the Quality of Life note.

5                            Are any of the Quality of Life note  
6          proceeds being used to basically fill the gap where



**Objectors' Designations From  
December 4, 2013 Deposition of Charles Moore**

7           this \$95 million budget reduction was created for any  
8           of these departments?

9    A.   No.   Just to be clear, when the appropriations have  
10       been decreased, they have been decreased because the  
11       payments originally appropriated for the LTGO  
12       obligations and the pension obligation certificates  
13       are not being made as a result of being in Chapter 9,  
14       and so those appropriations are being moved over and  
15       these items, in addition to the Quality of Life loan  
16       proceeds, and any other cash that the City may have,  
17       will then be used for the restructuring and  
18       reinvestment initiatives.

19   Q.   So is this \$95 million in addition to the money that  
20       we've discussed today, the \$120 million Quality of  
21       Life note, are you saying this money would be in  
22       addition to that?

23   A.   Yes, ma'am.

**Exhibit 6B**

**Objectors' Designations From December 5, 2013 Deposition of James Doak**

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

**Pg: 12 Ln: 15 - 17**

**Designation:**

12:15 Q. Mr. Doak, would you please state your name for the  
16 record?  
17 A. Sure. James Leland Doak, D-o-a-k.

**Pg: 13 Ln: 3 - 10**

**Designation:**

13: 3 I want to start with your declaration that  
4 was filed in support of the proposed  
5 debtor-in-possession financing. I'd like to, as the  
6 deposition goes on, just refer to it as the proposed  
7 DIP with the understanding that I'm referring to the  
8 financing requested by motion filed on November 5th of  
9 2013 by the City. Can we agree that that -- for that  
10 shorthand?

**Pg: 13 Ln: 18 - 21**

**Designation:**

13:18 Q. Mr. Doak, am I correct that this is your declaration  
19 filed in connection with and as an exhibit to the DIP  
20 motion filed by the City?  
21 A. It appears that it is, yes.

## Objectors' Designations From December 5, 2013 Deposition of James Doak

Pg: 14 Ln: 2 - Pg: 18 Ln: 15

### Designation:

14: 2 Q. Can you help me out with the title structure at Miller  
3 Buckfire, what the various titles are and how they  
4 rank in the hierarchy?

5 A. Yes. We have a -- we have copresidents at Miller  
6 Buckfire. There are two of them right now, Mr. Ken  
7 Buckfire and Mrs. Norma Corio. They are both managing  
8 directors and copresidents. We then have a managing  
9 director title. Below that level, we have a director  
10 title. Below that level, we have a vice president  
11 title. Below that level, we have an associate title,  
12 and below that level, we have an analyst title.

13 Q. Okay. And is the organizational chart such that  
14 reporting is a straight line up and down through these  
15 titles or is it some other reporting scheme?

16 A. Well, just going generally off what you may mean by  
17 reporting, the hierarchy generally moves from the  
18 lowest level of analyst up through the managing  
19 director level. Individual assignments or tasks may  
20 be led by a lower-level individual occasionally and  
21 sometimes a project does not have an individual at  
22 each level.

23 Q. Okay. That makes sense.

24 In terms of the Detroit engagement

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

25           specifically, are each of the copresidents involved in  
15: 1           the Detroit engagement?

2    A.    Yes.

3    Q.    To the same degree?

4    A.    No.

5    Q.    Which has greater involvement?

6    A.    Mr. Ken Buckfire has greater involvement.

7    Q.    And, I'm sorry. How do you spell Ms. Corio? Is it

8           C-a-r-i-o?

9    A.    C-o-r-i-o.

10   Q.    Pronounced Corio?

11   A.    Yes.

12   Q.    What is the degree of her involvement in that Detroit  
13           proceeding?

14   A.    Mrs. Corio is involved in several specific tasks and  
15           work streams that favor or cater to her long-standing  
16           experience in restructuring and restructuring finance  
17           related matters. Those matters are the -- providing  
18           advice to the team on the post-petition financing and  
19           also assisting in portions of the negotiations with  
20           funded creditors of the City of Detroit, including  
21           proposals surrounding commutation of monoline  
22           insurance policies.

23   Q.    Okay. And I gather that Mr. Buckfire's role is  
24           broader than that?

25   A.    Yes.

16: 1   Q.    Is it fair to say that he leads the Detroit engagement

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

2 for the Miller Buckfire team?

3 A. Yes.

4 Q. Now, you mentioned that Mrs. Corio was involved to  
5 some extent -- and we can get to what extent later --  
6 in the DIP financing. Was Mr. Buckfire also involved  
7 in the DIP financing?

8 A. Yes.

9 Q. All right. You're a managing director, correct?

10 A. That's correct.

11 Q. Are there other managing directors at Miller Buckfire  
12 involved with the Detroit engagement?

13 A. Yes.

14 Q. Okay. And who were they?

15 A. The other managing directors at Miller Buckfire  
16 involved in the Detroit engagement include  
17 Mr. Buckfire, Mrs. Corio, Mr. John McKenna, M-c,  
18 capital K-e-n-n-a, and at this time, that's the extent  
19 of our upper managing director involvement.

20 Q. What is John McKenna's role?

21 A. He's a managing director at Miller Buckfire.

22 Q. No, I know what his position is. I'm sorry. Let me  
23 be more clear. What is his role in the Detroit  
24 engagement?

25 A. Mr. McKenna's role involves assisting the team,  
17: 1 primarily me, in exploring the financial situation and  
2 strategic alternatives surrounding the Coleman A.  
3 Young Municipal Airport.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

4 Q. So to make sure I understood your answer, is it fair  
5 to say that his, Mr. McKenna's, involvement with the  
6 Detroit engagement is focused on the Coleman A. Young  
7 Airport?

8 A. Yes.

9 Q. Is there a reason that his involvement has that focus?

10 A. Yes.

11 Q. What is the reason?

12 A. Mr. McKenna's involvement on that particular portion  
13 of the assignment relates to his significant  
14 experience in aviation, commercial aviation, and  
15 airline matters, including participation in the  
16 restructuring of US Air and subsequent positions on --  
17 a subsequent position on the board of directors of US  
18 Air post restructuring.

19 He was also involved in the Gate Gourmet  
20 restructuring and his general understanding of  
21 aviation economics and the related sectors around that  
22 industry are helpful background when thinking through,  
23 you know, the -- the economics and current situation  
24 at the airport.

25 Q. Was he involved at all in the DIP financing?

18: 1 A. No.

2 Q. Which, if any, directors of Miller Buckfire are  
3 involved in the Detroit engagement?

4 A. The directors involved in the Detroit engagement  
5 include Mr. Kevin Haggard, H-a-g-g-a-r-d, and Mr. B.

## Objectors' Designations From December 5, 2013 Deposition of James Doak

6 Kyle Herman, H-e-r-m-a-n.  
7 Q. And what's Mr. Haggard's role?  
8 A. Mr. Haggard's role extends to two primary areas, one  
9 which take -- which has taken up the majority of his  
10 time associated with this assignment, is exploring  
11 financial and strategic alternatives with regards to  
12 the Detroit Water and Sewage Department. His second  
13 responsibility has been assisting on aspects of the  
14 post-petition financing. Was I supposed to tell you  
15 what Kyle was doing, too?

**Pg: 19 Ln: 1 - Pg: 21 Ln: 14**

### Designation:

19: 1 Before we go to Mr. Herman, let me ask  
2 another question about Mr. Haggard. You said that he  
3 had some responsibilities with respect to the DIP  
4 financing. What were those responsibilities?  
5 A. He assisted my efforts and the team's efforts in  
6 regards to creating some of the presentation materials  
7 that we presented to key decision makers as the  
8 process unveiled and, also, he assisted in getting  
9 documents out to parties that were involved in the --  
10 that we were soliciting proposals from, as well as  
11 other, you know, general -- general matters.  
12 Q. I mean, would you describe his role as sort of  
13 facilitative rather than substantive?



## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

14 A. I would describe his role as supportive to our efforts  
15 and supportive to my efforts. I would not describe  
16 them as nonsubstantive because he was providing key  
17 documents to parties we listed for proposals and I  
18 believe he participated in several, but not many, due  
19 diligence -- small due diligence calls that I may not  
20 have been able to participate in, and in such a  
21 function, you know, was providing substantive guidance  
22 to potential parties.

23 Q. Did he have anything to do with structuring or  
24 negotiating the principle terms of the DIP financing?

25 A. He was a -- Mr. Haggard was a participant in those  
20: 1 discussions.

2 Q. Did he lead any of them?

3 A. No.

4 Q. Okay. Mr. Herman, what's his role in the Detroit  
5 engagement?

6 A. Mr. Herman's role in the Detroit engagement is wide  
7 ranging. It includes responsibility for creditor due  
8 diligence as well as exploring strategic alternatives  
9 for the City's noncore assets beyond the Detroit Water  
10 and Sewage Department and includes the work stream  
11 associated with the -- with the general restructuring  
12 process.

13 Q. Did he have any involvement in the DIP financing?

14 A. Yes.

15 Q. And what was the nature of his involvement?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

16 A. Kyle's involvement, Mr. Herman's involvement in the  
17 financing process was primarily related to  
18 facilitating due diligence for some of the potential  
19 financing parties. Because of his familiarity with  
20 the wealth of materials we had created and collected  
21 in the creditor due diligence process, it was a  
22 natural decision when we were experiencing crunches to  
23 focus on him coordinating delivery of some of that  
24 information.

25 Q. Okay. Did he do anything other than facilitate due  
21: 1 diligence by prospective lenders?

2 A. Not that I can recall in a material manner.

3 Q. Okay. Okay. Any vice presidents with Miller Buckfire  
4 involved in the Detroit engagement?

5 A. No, I don't believe there are any vice presidents  
6 involved at this time.

7 Q. Okay. Any associates involved from Miller Buckfire in  
8 the Detroit engagement?

9 A. Yes.

10 Q. And who were they?

11 A. The associates involved in the engagement are  
12 Mr. Sanjay Marken, M-a-r-k-e-n; Mr. Vladimir  
13 Moshinsky -- sorry. I'm not going to spell it -- and  
14 Mr. Vincent Fea, F-e-a.

**Pg: 21 Ln: 20 - Pg: 23 Ln: 8**

## Objectors' Designations From December 5, 2013 Deposition of James Doak

**Designation:**

21:20 Q. All right. We have Sanjay Vladimir and Vincent. Any  
21 other associates?

22 A. No.

23 Q. Okay. What is Sanjay's role?

24 A. Sanjay's role is very wide ranging. He assists the  
25 team on the DWSD work stream as well as the creditor  
22: 1 and restructuring work stream and he has also been  
2 responsible for a portion of our -- creating some of  
3 our modeling analytics and our analytics related to  
4 the swaps and the Forbearance and Optional Termination  
5 Agreement.

6 Q. Did he have any involvement in the DIP financing?

7 A. Yes.

8 Q. What is the nature of his involvement in the DIP?

9 A. Sanjay assisted in producing financial analyses that  
10 calculated the expected required sizing of the payment  
11 that would be required for the Forbearance and  
12 Optional Termination Agreement and also ran some  
13 scenarios for us on what the -- what the financing  
14 context would be for that on a go-forward basis.

15 Q. Not sure I understand what you just said. Scenarios  
16 on what the financing context would be on a go-forward  
17 basis, can you maybe say that a different way?

18 A. Sure. He -- taking a look at what estimated  
19 financing -- post-petition financing sizes would be.

20 He took a look at interest rate and amortization

## Objectors' Designations From December 5, 2013 Deposition of James Doak

21           assumptions and produced pro forma cash flows. So he  
22           did the -- he did the modeling analytics associated  
23           with some of our early thinking on the post-petition  
24           financing, modeling analytics outside of the City of  
25           Detroit's financing and modeling, just on a standalone  
23: 1          basis, what would the post-petition financing look  
2           like as far as cash demands.  
3    Q.    Okay. Now I'm right that Ernst & Young was doing some  
4           of that, as well, weren't they?  
5    A.    Eventually as the financing took greater form, Ernst &  
6           Young started to do those analytics and incorporated  
7           those analytics into their larger models of the City's  
8           financials.

**Pg: 23 Ln: 25 - Pg: 28 Ln: 15**

### **Designation:**

23:25    Q.    So if I were to see a piece of his work product from  
24: 1          one of these scenarios, I mean, what would I be  
2           looking at?  
3    A.    You would be looking at a first page that provided  
4           some assumptions over what the swap termination  
5           payment looked like, what a potential interest rate  
6           for any loan taken out to make that payment would look  
7           like, and what the amortization would look like for  
8           that -- for that financing, and then you would see a  
9           series of columns across the bottom that charted out

## Objectors' Designations From December 5, 2013 Deposition of James Doak

10 over a series of months and years what the interest  
11 would be in each given month, what the amortization  
12 would look like throughout the period, and what the  
13 remaining balance would be across the period.

14 Q. So he was basically doing amortization schedules? I  
15 mean, that would show -- he wasn't doing a full-blown  
16 cash flow that would show the impact on the City, you  
17 know, cash beginning period, cash end of period? He  
18 was simply doing on a month-to-month basis based upon  
19 various loan amounts and interest rates what the  
20 financing cost to the City would be in terms of  
21 amortization of principal and interest?

22 A. That's correct. Occasionally -- well, those analyses  
23 in some versions compared the cash flows -- those  
24 amortization schedules, to the status quo case of how  
25 much the City was paying annually, so the 50 million  
25: 1 per year as a reference point, right.

2 So, for instance, we looked at assumption  
3 saying, okay, we have 50 -- let's say we still have 50  
4 million. Let's take a look at interest rates. Let's  
5 say everything that doesn't go to interest pays  
6 amortization. What would that payoff look like. What  
7 would that amortization schedule look like if we were  
8 applying the same resources towards paying off a  
9 post-petition financing.

10 Q. So some of what he did was not just running scenarios  
11 in a vacuum. Some of what he did was running

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

12 scenarios in what the various deltas of cash usage  
13 would be, various loan scenarios versus the status  
14 quo?

15 A. You know what, I would say it's probably running  
16 scenarios in a vacuum. However, I only wanted to  
17 point out, to provide a complete answer, that some of  
18 the inputs were based not just on, you know, raw  
19 numbers made up in a table, but some of the contextual  
20 factors associated with the City's financing right now  
21 such as what the swap was costing us on an ongoing  
22 basis.

23 Q. And when he included the swap cost on an ongoing basis  
24 in these scenarios, did he keep it level based on  
25 current interest rates or did he model changes in  
26: 1 interest rates versus the -- and the affect that might  
2 have on the swap payment?

3 A. With regards to this exercise, I do not recall whether  
4 he adopted a flat assumption on what the swap payments  
5 would be. In other analyses, we have utilized the  
6 forward LIBOR curve, which, in effect, does what  
7 you're suggesting.

8 Q. And in terms of the forward LIBOR curve, who created  
9 the curve?

10 A. You'll have to be more specific.

11 Q. Who did the analysis that went into the forward LIBOR  
12 curve? Was that something publicly available or was  
13 that something generated by Mr. Marken or someone

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

14           else?

15    A.    The data underlying the forward LIBOR curve is  
16           information that we access through our Bloomberg --  
17           Terminal and Bloomberg subscription.  So the forward  
18           LIBOR curve is created by the market makers, in  
19           effect, right, as far as gathering that -- those  
20           numbers which are in the Bloomberg information system  
21           and placing them into an Excel file which generates  
22           outputs.  That is a process that Mr. Marken would do.

23    Q.    Okay.  And do you know when most recently he's -- he's  
24           done that to have an updated forward LIBOR curve?

25    A.    Yes.

27: 1   Q.    And how recently has he done that?

2        A.    Yesterday.

3        Q.    Has he done an analysis on what prospective payments  
4           under the swaps would be based upon his most recent  
5           forward LIBOR curve?

6        A.    Yes, he has.

7        Q.    Do you know what that analysis reflects in terms of  
8           prospective swap payments?

9        A.    No, I don't.

10    Q.    Okay.  Prior to his most recent analysis, when was the  
11           last time he did a calculation of the forward LIBOR  
12           curve?

13    A.    The best of my recollection, in -- he performed the  
14           analysis in September.

15    Q.    And did he do an analysis based upon that curve of

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

16           what prospective swap payments would be?

17    A.    Yes.  However, I don't know whether you're referring  
18           to a -- you know, particular -- what particular  
19           scenario you're referring to.  He's produced a -- a  
20           piece of analysis that I believe has been discussed in  
21           prior depositions of Mr. Buckfire, which is a  
22           multipage set of financial analytics associated with  
23           the negotiations of the Forbearance and Optional  
24           Termination Agreement and some of the calculations  
25           that aid the -- the City in assessing its decisions in  
28: 1       negotiating that agreement.

2    Q.    Okay.  And I understand that there are two different  
3           things you can use this forward curve for with respect  
4           to the swaps.  One is to calculate or recalculate a  
5           termination payment, but you can also use it to  
6           project what the net amount due under the swaps would  
7           be from the City, correct?

8    A.    Yes.

9    Q.    Okay.  And my understanding is that the working  
10           assumption for purposes of comparing the relative  
11           obligations of the City as between the DIP and the  
12           swap has assumed that the swap payment on an  
13           annualized basis is \$50 million, correct?

14   A.    That is the assumption that's in the City's model, and  
15           I need to go off record for one second.

**Pg: 28 Ln: 19 - Pg: 29 Ln: 11**



**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

**Designation:**

28:19                           THE WITNESS:  So, I -- just to correct  
20                   something I said earlier --  
21  BY MR. MARRIOTT:  
22  Q.    Yes?  
23  A.    -- it -- in addition to looking at the forward LIBOR  
24           curve yesterday to produce an update of some  
25           analytical that also factored into our -- some  
29:  1           September materials, Mr. Marken has been looking at a  
2           forward LIBOR curve in regards to estimated future  
3           payments by the City and potentially by the monoline  
4           insurers for various discussions with parties and that  
5           has occurred in the in-between period.  
6  Q.    Okay.  Based upon the most recent forward LIBOR curve  
7           information that you're aware of, does \$50 million  
8           remain the -- a reasonable estimate of what would be  
9           payable on a go-forward basis under the swaps on an  
10          annualized basis or should the number be different  
11          than that?

**Pg: 29 Ln: 17 - Pg: 32 Ln: 15**

**Designation:**

29:17                           Q.    Okay.  Based upon the most recent  
18                               forward LIBOR curve information, does \$50  
19                               million remain the -- a reasonable estimate

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

20                   of what would be payable on a go-forward  
21                   basis under the swaps on an annualized  
22                   basis or should the number be different  
23                   than that?)

24                   THE WITNESS: We need to discuss what the  
25                   underlying assumptions are that you want me to use to  
30: 1                  answer that question because we -- the swaps are  
2                   currently in default and if we move forward with the  
3                   assumption agreement, it's only a one-year agreement.  
4                   So if -- so if one was to make an assumption that the  
5                   City was in compliance, which it's not --

6 BY MR. MARRIOTT:

7 Q. Maybe I can --

8 A. -- for the long term, than the 50 million per annum  
9                   payment is based on an assumption that LIBOR remains  
10                  at the relatively historical low levels that it has  
11                  been for the recent -- for recent history.

12 Q. Okay. Let me ask it -- maybe try the question a  
13                  different way. When the \$50 million number was  
14                  arrived at for purposes of comparing the costs to the  
15                  City of continuing with the swap versus borrowing  
16                  under the DIP and terminating the swap, am I correct  
17                  that there was a LIBOR rate assumption built into the  
18                  calculation of that 50 million?

19 A. Yes.

20 Q. Okay. If that number were to be calculated, the same  
21                  50 million, keeping all of the assumptions the same

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

22           except LIBOR, if that number were to be recalculated  
23           today using the most recent LIBOR forward curve, what  
24           would it be?

25   A.   The current annualized payment amount remains -- in  
31: 1       the near term, remains 50 per annum.

2   Q.   Regardless of what LIBOR is?

3   A.   No.  If LIBOR changes, if we all woke up tomorrow and  
4       LIBOR was at the level that it was in 2006, the  
5       payment would be significantly less than 50 million.

6   Q.   Okay.  And --

7   A.   The curve does not suggest that will happen.

8   Q.   Okay.  Does the curve suggest that number will come  
9       down some?

10  A.   The curve suggests that sometime in the future LIBOR  
11       will return to levels above its historic lows.

12  Q.   Okay.  Has any calculation been done of -- on a  
13       look-forward basis of what the swap payment will be if  
14       LIBOR rates, in fact, follow the current forward  
15       curve?

16  A.   Yes.

17  Q.   Okay.  And what does that calculation reflect happens  
18       to the \$50 million?

19  A.   I don't recall.

20  Q.   Okay.  Who generated that -- the analysis we've just  
21       described?

22  A.   Sanjay Marken generated that analysis.

23  Q.   And you've seen it but you don't recall what it

## Objectors' Designations From December 5, 2013 Deposition of James Doak

24 reflects; is that a fair statement?

25 A. I've seen the analysis that involves the calculation  
32: 1 you are discussing and the analysis is associated with  
2 the other dialogue associated with the City's  
3 monolines. It is not associated with this particular  
4 post-petition inquiry because we are primarily focused  
5 on the fact that we are currently in default under the  
6 swaps and they could be terminated at any point.

7 Q. But --

8 A. And --

9 Q. I'm sorry. Go ahead. I don't want to cut you off.

10 A. And, alternatively, if we enter into the Forbearance  
11 and Optional Termination Agreement, then we have a  
12 one-year period of status quo, and through that  
13 period, market data suggests the payments will be  
14 approximately 50 million, and at the end of that, we  
15 would have to renegotiate whatever comes next.

**Pg: 33 Ln: 6 - 20**

### Designation:

33: 6 Mr. Fea, what's his role in the Detroit  
7 engagement?

8 A. Mr. Fea has assisted the team on aspects of the DWSD  
9 transaction and on aspects of the post-petition  
10 financing.

11 Q. Okay. And what has been his involvement with the DIP

## Objectors' Designations From December 5, 2013 Deposition of James Doak

12 financing?

13 A. His involvement has largely been a facilitating role  
14 and he has assisted in creating presentations and  
15 communicating with potential financing parties.

16 Q. Okay. When you say facilitating role, are you using  
17 it in the sense that I used earlier; in other words,  
18 he hasn't had a substantive role in the DIP financing  
19 process?

20 A. Yes.

**Pg: 33 Ln: 21 - Pg: 36 Ln: 24**

### **Designation:**

33:21 Q. Okay. Before we go on, you referenced the DWSD work  
22 stream, the creditor restructuring work stream. Is  
23 that how Miller Buckfire organizes projects around  
24 work streams?

25 A. It's one of the ways we do it, yes. Because of the  
34: 1 amount work and efforts across a broad range of issues  
2 associated with the Detroit restructuring, at some  
3 point we have asked our junior bankers to focus on  
4 some projects more so than others. Several of us  
5 are -- you know, have more broad focus -- more -- a  
6 broader focus across all or substantially all the  
7 issues.

8 Q. Do you have identified work streams other than DWSD  
9 and creditor restructuring?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

10 A. Yes.

11 Q. What are the other work streams associated with the  
12 Detroit engagement?

13 A. In addition to DWSD and creditor restructuring, there  
14 are work streams associated with just creditor due  
15 diligence, swaps, noncore assets. Separate from that,  
16 airport, and those are all the work streams I can  
17 recall at this particular point.

18 Q. All right. The creditor restructuring work stream,  
19 does that work stream include formulation of a plan of  
20 adjustment?

21 A. Yes.

22 Q. Okay. And which of these --

23 A. Well, it would include a formulation of a plan of  
24 adjustment.

25 Q. Okay.

35: 1 A. Yes.

2 Q. And which of these work streams -- under which of  
3 these work streams did the DIP financing process fall?

4 A. The DIP financing is its own work stream.

5 Q. So I've got a DWSD work stream, a creditor  
6 restructuring work stream, creditor due diligence work  
7 stream, swaps work stream, noncore assets work stream,  
8 airport work stream, and a DIP financing work stream.  
9 Are there any others?

10 A. Not to my recollection. Those are -- those are the  
11 work -- those are the identified work streams that I

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

12 recall that we've used to organize our efforts.

13 Q. Okay.

14 A. There are other points of work that are going on, but  
15 they may not be ones where we have taken the time to  
16 write out on a piece of paper who exactly is  
17 responsible for the given effort at the given level in  
18 our hierarchy.

19 Q. Okay. Do the work streams have identified -- within  
20 Miller Buckfire, do they have identified individuals  
21 who bear principle responsibility for managing that  
22 work stream?

23 A. Yes.

24 Q. Okay. Who bears principle responsibility for managing  
25 the DWSD work stream?

36: 1 A. Ken Buckfire.

2 Q. Who has principle responsibility for managing the  
3 creditor restructuring work stream?

4 A. That's Ken Buckfire and myself.

5 Q. Who has principle responsibility for managing the DIP  
6 financing work stream?

7 A. I do. I mean, more particularly, the piece of paper  
8 that I'm thinking of has, you know, who are the -- who  
9 are the managing directors working on each one of  
10 these particular items. We don't necessarily get into  
11 who is the single individual lead on something in  
12 particular. So -- but on financing, it would be  
13 myself.

## Objectors' Designations From December 5, 2013 Deposition of James Doak

- 14 Q. What about swaps?
- 15 A. Mr. Buckfire, and he's there; I'm there.
- 16 Q. What about noncore assets?
- 17 A. I'm there.
- 18 Q. All right. And I guess just to be complete, creditor
- 19 due diligence?
- 20 A. I'm there.
- 21 Q. Okay. And airport?
- 22 A. Well, I'm there and McKenna's there.
- 23 Q. He's the airport guy basically?
- 24 A. Yeah.

**Pg: 36 Ln: 25 - Pg: 38 Ln: 19**

### **Designation:**

- 36:25 Q. Okay. All right. So you lead the DIP financing work
- 37: 1 stream. What was the role of Ken Buckfire in
- 2 connection with the DIP financing process?
- 3 A. Ken has participated in many discussions associated
- 4 with the, you know, overall strategy and restructuring
- 5 behind the post-petition financing and presented with
- 6 me results of the process at various stages to
- 7 decision makers and others involved in the process and
- 8 has acted as a resource and sounding board for me and
- 9 other members of the team in regards to strategy and
- 10 communications.
- 11 Q. What about Mrs. Corio?



## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

12 A. Mrs. Corio has also participated in strategy and  
13 structuring discussions through the design and  
14 solicitation process and has acted as a sounding board  
15 for -- for me and others on the team in regards to  
16 strategy and messaging.

17 She was also the formal addressee of the  
18 solicitation process, probably the formal invitor as  
19 well, too, when it comes to the correspondence.

20 Q. All right. So she was the name on the solicitation of  
21 proposals and the recipient of those proposals?

22 A. Amongst other points of participation, yes.

23 Q. Okay. But that's what you meant by addressee of --

24 A. Yeah.

25 Q. Okay. That's what I was asking. How would you  
38: 1 describe your role in connection with the DIP  
2 financing?

3 A. My role has been a multifaceted one, taking a lead and  
4 coordinating position from some of our initial  
5 dialogue about the post-petition financing through the  
6 original restructuring processes -- sorry -- original  
7 design processes, producing presentations for key  
8 decision makers about the potential process. I've  
9 also, then, led the efforts at Miller Buckfire to  
10 structure the proposed financing, create the list of  
11 potential contact parties, originate contacts with  
12 many of those parties, coordinate our communications,  
13 the majority of our communications with Jones Day and

## Objectors' Designations From December 5, 2013 Deposition of James Doak

14 the City, coordinate and lead dialogue and due  
15 diligence efforts with potential parties, select  
16 parties to continue in the process and participate in  
17 negotiations as required to get to the commitment.  
18 It's a very large, comprehensive, you know, leadership  
19 role insomuch as the banker's to have one.

**Pg: 38 Ln: 23 - Pg: 42 Ln: 4**

### **Designation:**

38:23 BY MR. MARRIOTT:

24 Q. Mr. Doak, let me know when you've had a chance to flip  
25 through what's been marked as Exhibit 2. Do you  
39: 1 recognize this document?

2 A. Yes.

3 Q. Am I correct that this letter, together with the  
4 attached term sheet, was the material used to solicit  
5 DIP proposals from prospective lenders?

6 A. This is a portion of the initial materials.

7 Q. But it also included a liquidity analysis. Was that  
8 the other piece?

9 A. It also included a copy of the Forbearance and  
10 Optional Termination Agreement --

11 Q. Okay.

12 A. -- and it included the liquidity forecast.

13 Q. Now, the liquidity forecast -- and I was a little  
14 confused by some of the production on this point. Was

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

15           the liquidity forecast ready to go when the term  
16           sheet, the forbearance agreement, and this letter  
17           first went to prospective lenders or was that a  
18           follow-up item?

19   A.    It was not ready to go.  So for parties that received  
20           the materials when they first went out, the cash flow  
21           forecast was a follow-up item.

22   Q.    Okay.  If you would turn to the third page of the  
23           exhibit, which is the first page of a -- what I think  
24           has been referred to as an indicative term sheet.  Do  
25           you see that?

40: 1   A.    Yes.

2    Q.    Now, my understanding is this was prepared by the City  
3           as a proposed structure for the DIP financing,  
4           correct?

5    A.    That's accurate.

6    Q.    Okay.

7    A.    The City and it's advisors.

8    Q.    Okay.

9    A.    I don't think there's anyone in the City that would  
10           draft this.

11   Q.    Fair point.  Let me ask this question:  Did you draft  
12           this term sheet?

13   A.    I participated in its creation, but it was not drafted  
14           on Miller Buckfire's system.

15   Q.    By that, I assume you mean it was on Jones Day's  
16           system?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

17 A. Yes.

18 Q. Okay. Let me ask the question differently because I  
19 did create an ambiguity there. The business terms  
20 that are set forth in the term sheet circulated to  
21 prospective lenders by the City, did you structure  
22 those business terms?

23 A. Yes, I was a participant in the structuring of those  
24 business terms.

25 Q. Okay. Who else participated in the structuring of  
41: 1 those business terms?

2 A. I'm going to need more clarity on how you want me to  
3 think about participation.

4 Q. All right. Well, let's try this. I'm assuming -- and  
5 if I'm wrong, tell me -- that there is a person who  
6 initially sat down and crafted a proposed structure  
7 for the DIP loan; is that correct?

8 A. I would suppose by definition there would have to be,  
9 right. There has to be an inception date.

10 Q. And was that person you?

11 A. Most likely, it was.

12 Q. Okay. And then having come up with a possible  
13 structure for DIP financing, who would you have -- or  
14 let me rephrase it. Who did you then discuss the  
15 proposed economic terms with at Miller Buckfire?

16 A. The terms then at Miller Buckfire would have been  
17 discussed with Mr. Ken Buckfire, Mrs. Corio,  
18 Mr. Haggard, Mr. Fea, Mr. Marken, as well as

## Objectors' Designations From December 5, 2013 Deposition of James Doak

19           potentially other team members.

20    Q.    Were there earlier iterations of proposed business  
21           terms for the DIP prior to those business terms  
22           memorialized in the term sheet that were sent to  
23           prospective lenders?

24    A.    Yes.

25    Q.    Do -- were any of those earlier iterations committed  
42: 1           to paper?

2    A.    I -- to the best of my recollection, yes.

3    Q.    Do those earlier iterations still exist?

4    A.    I would presume they're somewhere in people's systems.

**Pg: 42 Ln: 5 - 9**

### **Designation:**

42: 5    Q.    How many Chapter 9 proceedings at any point in your  
6           career have you been involved with?

7    A.    One.

8    Q.    Is that one the City of Detroit?

9    A.    Yes.

**Pg: 42 Ln: 17 - Pg: 44 Ln: 7**

### **Designation:**

42:17                           How many distressed municipal situations at  
18           any point in your career have you been involved in  
19           outside of Chapter 9?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

- 20 A. Two.
- 21 Q. And what are those two?
- 22 A. City of Detroit before it filed for Chapter 9.
- 23 Q. Fair.
- 24 A. And the Mashantucket (Western) Pequot Tribal Nation.
- 25 Tell you what, why don't we -- Foxwoods.
- 43: 1 Q. Okay. Foxwoods. And who were you employed by at the  
2 time when you worked on Foxwoods?
- 3 A. Foxwoods.
- 4 Q. You were engaged by Foxwoods?
- 5 A. Yes.
- 6 Q. And you personally or were you with a firm?
- 7 A. Miller Buckfire was.
- 8 Q. Oh, it was Miller Buckfire. Okay. And what was the  
9 nature of Miller Buckfire's engagement for Foxwoods?
- 10 A. Restructuring services and advisory.
- 11 Q. Now, I understand Foxwoods or a tribe is not a private  
12 entity. Did you interpret my question about municipal  
13 restructurings to include what I'll call governmental  
14 restructurings generally or is Foxwoods a  
15 municipality?
- 16 A. I interpreted your question to refer to the  
17 restructuring of municipal finance market obligations,  
18 so tax free obligations that have monoline insurers  
19 and others associated with them, and that was a  
20 significant and material portion of the Foxwoods  
21 capital structure, and as a result, I spent a

## Objectors' Designations From December 5, 2013 Deposition of James Doak

22           considerable amount of time engaged in restructuring  
23           negotiations with municipal bondholders and to  
24           monoline insurers.

25   Q.   Okay.  So Foxwoods had tax exempt debt?

44: 1   A.   That's correct.

2   Q.   Okay.  But it's fair to say that the DIP loan here is  
3           your first attempt at structuring municipal debt in  
4           the context of a Chapter 9; is that correct?

5   A.   I think it's anyone's first attempt, honestly, but,  
6           yes.  This is my first post-petition finance facility  
7           under Chapter 9.

**Pg: 44 Ln: 8 - Pg: 45 Ln: 2**

### **Designation:**

44: 8   Q.   And tell me what you did with Foxwoods.  Did you --  
9           did you advise and assist Foxwoods in going into the  
10          municipal markets for placement of tax exempt debt?

11   A.   No.

12   Q.   Did you assist Foxwoods into going into the municipal  
13          markets to obtain taxable debt?

14   A.   No.

15   Q.   Does -- well, let me ask the question differently.

16                        What is Miller Buckfire's experience in  
17           whoever -- we can find out who it is later.  What is  
18           Miller Buckfire's, as a firm, experience in the  
19           municipal debt markets?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

20 A. I need assistance in understanding what you mean by  
21 municipal debt markets.

22 Q. Well, I mean, how many engagements has Miller Buckfire  
23 had by an issuer of municipal debt seeking their  
24 services as a banker to structure and solicit debt in  
25 the municipal markets?

45: 1 A. This -- the answer to that question would be one,  
2 would just be working with the City of Detroit --

**Pg: 46 Ln: 18 - 22**

**Designation:**

46:18 Q. What documents did you review to prepare your  
19 declaration?

20 A. I don't know how to answer that question.

21 Q. Okay. Do you remember any documents you looked at in  
22 connection with preparing your declaration?

**Pg: 46 Ln: 25 - Pg: 47 Ln: 4**

**Designation:**

46:25 THE WITNESS: Well, I read the declaration  
47: 1 and it appropriately reflected my professional  
2 background, the process that we -- that was run, and  
3 the conclusions and recommendations that Miller  
4 Buckfire had been prepared to make at various points.



**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

**Pg: 47 Ln: 5 - 18**

**Designation:**

47: 5 BY MR. MARRIOTT:

6 Q. Okay.

7 A. And --

8 Q. Did you review the Barclays' term sheets?

9 A. Yes.

10 Q. Did you review the Barclays' fee letter?

11 A. Yes.

12 Q. Did you review the -- what I gather to be the

13 definitive bond purchase agreement and indenture that

14 were attached to the motion?

15 A. Yes.

16 Q. Did you review any documentation prepared by Conway

17 McKenzie?

18 A. I reviewed materials prepared by Conway McKenzie.

**Pg: 48 Ln: 3 - 11**

**Designation:**

48: 3 Have you ever been qualified as an expert

4 to give testimony in a court proceeding?

5 A. Yes.

6 Q. How many times?

7 A. Twice to my recollection.

8 Q. Okay.

## Objectors' Designations From December 5, 2013 Deposition of James Doak

- 9 A. Well, three times in two situations --
- 10 Q. Okay.
- 11 A. -- to the best of my recollection.

**Pg: 50 Ln: 18 - Pg: 51 Ln: 6**

**Designation:**

- 50:18 Q. Okay. Let's go back to Doak 2. And, again, let's
- 19 just flip to the term sheet. Now the term sheet
- 20 contemplates two loans, a swap termination loan and
- 21 what's called a quality of life loan, right?
- 22 A. Yes.
- 23 Q. Aggregating \$350,000, right?
- 24 A. \$350 million.
- 25 Q. I'm sorry. 350 -- if only it was 350,000.
- 51: 1 A. Well, it wouldn't do us much good, right, if it was
- 2 only 350 --
- 3 Q. It would be gone. Now, notwithstanding the two pieces
- 4 of this, I'm correct, am I not, that the principle
- 5 purpose of the DIP financing is the swap termination
- 6 loan?

**Pg: 51 Ln: 9 - 11**

**Designation:**

- 51: 9 THE WITNESS: The largest use of proceeds
- 10 is to finance the terms under the Forbearance and

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

11 Optional Termination Agreement.

**Pg: 52 Ln: 3 - 24**

**Designation:**

- 52: 3 Q. Do you recognize what's been marked as Doak 3?
- 4 A. Yes.
- 5 Q. Am I correct that this was a package that was given to
- 6 City Council for purposes of its deliberation on
- 7 whether to approve the DIP financing?
- 8 A. Yes. That's -- that's accurate.
- 9 Q. If you would look at the page that's Bates stamped
- 10 12998, background of the transaction. You see where I
- 11 am?
- 12 A. Yes.
- 13 Q. There's a bullet point after extensive negotiation and
- 14 then there are a series of points beneath that. The
- 15 third one, the City can elect to terminate the swaps
- 16 at a discount to the Mark-to-Market value if it can
- 17 raise the required cash to fund the payment. Do you
- 18 see where I am?
- 19 A. Yes.
- 20 Q. This is the primary reason the City began the process
- 21 of soliciting finance and the largest single use of
- 22 financing proceeds. So do you agree with this
- 23 statement made to the City Council that the primary
- 24 reason for the DIP financing was the swap termination?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

**Pg: 53 Ln: 6 - 9**

**Designation:**

53: 6 BY MR. MARRIOTT:  
7 Q. Well, let's start with do you agree with this  
8 sentence?  
9 A. Yes.

**Pg: 53 Ln: 18 - Pg: 54 Ln: 2**

**Designation:**

53:18 This sentence says the primary reason the  
19 City began the process of soliciting financing was to  
20 terminate the swaps, correct?  
21 A. The primary reason the City began the process of  
22 soliciting the financing was to raise the necessary  
23 proceeds to make the payment required under the  
24 Forbearance and Optional Termination Agreement.  
25 Q. Okay. Who -- who suggested that the City seek an  
54: 1 amount in excess of what it would take to terminate  
2 the swaps?

**Pg: 54 Ln: 13 - 25**

**Designation:**

54:13 THE WITNESS: The thought process

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

14           surrounding what a post-petition financing could be  
15           utilized for for the benefit of the City and its  
16           stakeholders has included reasons or motivations or  
17           ideas beyond the termination of the swaps for quite  
18           some time. The initial reference that I can recall to  
19           using a post-petition financing for a purpose other  
20           than the Forbearance and Optional Termination  
21           Agreement would most likely be a moment where Ken  
22           Buckfire and I were dialoguing with members of the  
23           root cause committee associated with the department  
24           water and sewage long-standing litigation about their  
25           refinancing needs and cost of capital.

**Pg: 55 Ln: 1 - Pg: 56 Ln: 5**

### **Designation:**

55: 1   BY MR. MARRIOTT:

2   Q.   Okay. I'm not sure I understand that answer. Let's  
3       start with who is the root -- what is the root cause  
4       committee?

5   A.   The root cause committee was a committee created by  
6       Judge Cox to bring about the conclusion of the  
7       long-standing litigation amongst and between the City,  
8       the State, the Environmental Protection Agency, and  
9       the surrounding counties to the City of Detroit in  
10      regards to the inability of the City to operate the  
11      water and sewage functions within environmental

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

12 guidelines.

13 Q. And when did this meeting with the root cause  
14 committee that you've just referenced happen?

15 A. To the best of my recollection, that was in February.

16 Q. Pre-petition?

17 A. Yes.

18 Q. And how does what happened at that meeting  
19 pre-petition with the root cause committee relate to  
20 seeking DIP financing in excess of what would be  
21 required to terminate the swaps?

22 A. At the time, Mr. Buckfire and I thought that a  
23 post-petition financing could be a way to refinance  
24 some of the department -- the department's water fund  
25 and sewer fund debt with substantial interest rate  
56: 1 savings to the department and the City.

2 Q. Well, but correct me if I'm wrong. There's no  
3 intention of using the -- what's called the quality of  
4 life loan to refinance DWSD debt, is there?

5 A. No, there's not.

**Pg: 56 Ln: 6 - 12**

**Designation:**

56: 6 Q. Okay. So I understand that in February there may have  
7 been discussions about the benefits of refinancing  
8 certain of the City's debt, but what I'm trying to  
9 understand is the genesis of borrowing money in the

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

10 proceeding under the DIP in excess of the amount  
11 needed to terminate the swap. Where did that idea  
12 originate?

**Pg: 57 Ln: 3 - 10**

**Designation:**

57: 3 THE WITNESS: That idea would have  
4 originated in the late spring/early summer time frame  
5 where we were focused on post-petition financing as  
6 being a potential opportunity for the City in several  
7 avenues, including financing to the general fund,  
8 which would include payment of the -- payment required  
9 under the Forbearance and Optional Termination  
10 Agreement.

**Pg: 57 Ln: 19 - 21**

**Designation:**

57:19 Q. That wouldn't be good. You indicated that there were  
20 discussions in, I believe, you said May and June time  
21 frame.

**Pg: 57 Ln: 25 - Pg: 59 Ln: 13**

**Designation:**

57:25 Q. In some time frame commencing pre-petition, correct?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

58: 1 A. Uh-huh.

2 Q. Okay. About borrowing money for deposit into the  
3 general fund. Is that a -- am I correct so far?

4 A. Yes.

5 Q. Okay. With the purpose -- I'm asking you -- with the  
6 purpose of depositing it in the general fund at the  
7 time you were first contemplating this, whenever it  
8 was, spring, to, you know, provide a supplement to the  
9 City's working capital during the proceeding?

10 A. Yes. That would be in the May/June time frame,  
11 this -- that concept that the general fund may need  
12 additional financial resources to proceed with a  
13 potential, but in no way inevitable, filing at an  
14 indeterminate date in the future. Like, that's when  
15 we were thinking about that idea --

16 Q. Okay.

17 A. -- amongst others.

18 Q. All right. So then the petition is filed. Given that  
19 you had considered the potential need to supplement  
20 the City's general fund, is there a reason for the --  
21 that the City waited until August to begin soliciting  
22 financing proposals?

23 A. Yes.

24 Q. What is that reason?

25 A. Amongst the reasons that the -- I'm going to answer  
59: 1 the question what -- what are some of the -- well,  
2 there's many reasons why it -- we started the



## Objectors' Designations From December 5, 2013 Deposition of James Doak

- 3 solicitation process in late August, chief of which is  
4 we had not yet concluded our discussion amongst key  
5 decision makers about the nature of the solicitation  
6 documents and the -- what did we call this, the term  
7 sheet -- the indicative term sheet.
- 8 Q. So if I understand your answer, it took a while to  
9 generate -- to reach consensus on the business terms  
10 that would be reflected in the indicative term sheet  
11 that was sent to proposed lenders. Is that a fair  
12 summary of --
- 13 A. Yes, that's a fair summary.

**Pg: 59 Ln: 14 - Pg: 62 Ln: 8**

### Designation:

- 59:14 Q. When did the process of formulating what eventually  
15 became the economic terms of -- sent to prospective  
16 lenders, when did that process begin?
- 17 A. I don't recall a particular date, but most -- I  
18 believe it was in the late July/early August time  
19 frame.
- 20 Q. Late July or early August?
- 21 A. Yes.
- 22 Q. Okay. And do you recall who initiated that process?
- 23 A. Are you looking for a person --
- 24 Q. Yeah, a person.
- 25 A. -- or an institution?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

60: 1 Q. No, a person.

2 A. Myself and Mr. Buckfire.

3 Q. Okay. All right. Now, as I understand it, the City

4 went out and the term sheet reflects that the City

5 anticipated that of the \$350 million for which

6 financing was sought, roughly 230 million would be

7 necessary for the swap termination loan, correct?

8 A. Yes.

9 Q. Okay. Leaving \$120 million for other purposes,

10 correct?

11 A. Yes.

12 Q. Why \$120 million? Where does that number come from?

13 A. That number is -- that number is a result of the

14 iterative dialogue that various decision makers and

15 advisors had about a wide range of factors, including

16 the desired overall size of the facility and the

17 likely amounts required for the swap termination loan

18 portion, as well as the interest rate of the overall

19 facility, the potential required amortization and

20 desired proposed remedies and indicative cash flow

21 forecasts that were provided by Ernst & Young

22 incorporating those amounts of overall proceeds and,

23 also, quality of life loan size proceeds, which were

24 also -- and that analysis was also informed by work

25 that the City and Conway McKenzie had performed in

61: 1 regards to prospective spending on required

2 reorganization -- operational reorganization and

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

3           reinvestment initiatives.

4    Q.    Okay.  You said that that was -- I'm going to drill  
5           down a little bit.  You said it was --

6    A.    Well, I would -- amongst other factors, including, you  
7           know, appropriate liquidity cushion, and state of the  
8           City's overall finances.

9    Q.    Okay.  You said there was an iterative dialogue among  
10           various City representatives, advisors.  Who  
11           participated by organization?  Let's start with that.  
12           Who participated by organization?

13   A.    The City of Detroit, both the Office of the Chief  
14           Financial Officer and the Office of the Emergency  
15           Manager; the City of Detroit's advisors, including  
16           Miller Buckfire, Conway McKenzie, and Ernst & Young;  
17           as well as the City's counsel, Jones Day and Miller  
18           Canfield; the Michigan Finance Authority,  
19           representatives of the Michigan Finance Authority; the  
20           representatives of the State Treasurer's Office; and I  
21           think I'd need to -- I think I need to know with  
22           regards to what items we're discussing to formulate  
23           whether various of their advisors were participating  
24           in the process.

25   Q.    All right.  Well, that's a pretty good list.  The  
62: 1           State Treasurer's Office and the Michigan Finance  
2           Authority --

3    A.    Yeah.

4    Q.    -- is it Finance?

## Objectors' Designations From December 5, 2013 Deposition of James Doak

5                   Was their involvement -- were they involved  
6                   in the -- what I'll call the sizing of the DIP loan or  
7                   were they involved separately ultimately in approving  
8                   the DIP loan?

**Pg: 62 Ln: 11 - Pg: 64 Ln: 15**

### Designation:

62:11                   THE WITNESS: Representatives of both of  
12                   those groups participated in the structuring  
13                   discussions that we had over the post-petition  
14                   facility in the August time frame.

15 BY MR. MARRIOTT:

16 Q. Had the State Treasurer's Office and the Authority  
17                   signed off on the formal term sheet that was sent to  
18                   respective lenders?

19 A. They saw it. They saw the materials. I don't know --  
20                   I can't speak to what the verb signoff would kind of  
21                   mean in an official capacity, but they had reviewed  
22                   the package.

23 Q. Had either of them lodged any objection to the --  
24                   either the concept of DIP financing or the terms  
25                   reflected in the term sheet sent to prospective  
63: 1                   lenders?

2 A. Neither institution lodged it, had any standing  
3                   objections, as it would be, to the package that we  
4                   went out with.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

5 Q. Did they, either of them, at any point in the process  
6 express any concerns or objections at all?

7 A. Yes.

8 Q. Okay. Was it the Authority or the State Treasurer's  
9 Office that expressed concerns or objections?

10 A. The particular event that I'm thinking of, which I  
11 can't say is the only one, came from the Finance  
12 Authority.

13 Q. Okay. And what was their concern or objection?

14 A. They wanted the solicitation to reflect the City's  
15 willingness to think as creatively as -- and  
16 comprehensibly as possible in regards to financing  
17 alternatives and requested that we incorporate  
18 language in the cover letter as well as the term sheet  
19 indicating that we would consider financing proposals  
20 other than a debtor-in-possession financing facility,  
21 including but not limited to novation concepts of the  
22 City swap agreements.

23 Q. Do you have understanding of why that issue was  
24 important to them?

25 A. They had indicated that some potential financing or  
64: 1 liquidity providing parties had mentioned to them that  
2 novation of the City's swap agreements could be  
3 another method to produce the liquidity that the City  
4 required and they did not want to discourage those  
5 parties from participating in the process.

6 Q. And their concerns were addressed by including in the

## Objectors' Designations From December 5, 2013 Deposition of James Doak

- 7 letter an invitation for prospective lenders to  
8 propose a structure different than that set forth in  
9 the term sheet that they were sent; is that correct?
- 10 A. The resulting change was incorporated into the first  
11 sentence -- or, sorry -- the last sentence of the  
12 first paragraph of the cover letter --
- 13 Q. Okay.
- 14 A. -- as well as the first page of the term sheet under  
15 the provision 2, type and amount.

**Pg: 64 Ln: 16 - Pg: 65 Ln: 9**

### Designation:

- 64:16 Q. Okay. Now, let's go back to the genesis of \$350  
17 million. The first factor that you gave, and I don't  
18 know whether it's the first, most important, but I'll  
19 ask. The first factor you gave is a consideration  
20 of -- based upon principal amortization schedule,  
21 interest expense, and the like was could the City  
22 afford the loan; is that correct?
- 23 A. I need a -- you need to reask the question.
- 24 Q. All right. In determining how much to borrow --
- 25 A. Right.
- 65: 1 Q. -- was the first consideration what the City from a  
2 cash flow standpoint could afford?
- 3 A. One of the considerations was whether the City could  
4 tolerate from a liquidity standpoint a -- a hard

## Objectors' Designations From December 5, 2013 Deposition of James Doak

5           amortization scenario where the lender would be  
6           collecting under a default interest rate, as well as  
7           the contractual mandatory amortization provisions.  
8    Q.    Okay.  So the City was concerned about not borrowing  
9           more than it could service or repay; is that fair?

**Pg: 65 Ln: 12 - Pg: 66 Ln: 7**

### **Designation:**

65:12                           THE WITNESS:  I -- not the City.  I'm not  
13           the City, but I think that that appropriately reflects  
14           one of the concerns that the City decision makers had.

15  BY MR. MARRIOTT:

16  Q.    Let me try asking the question this way, and if I'm  
17           not clear, we'll try again.  The total amount the City  
18           borrowed or proposes to borrow and proposed to borrow  
19           when it went out to lenders was \$350 million, right?

20  A.    Yes.

21  Q.    It was an assumption that approximately \$230 million  
22           of that would be used for the swap termination,  
23           correct?

24  A.    That's correct.

25  Q.    That left \$120 million for other uses, correct?

66: 1  A.    Yes.

2    Q.    Was that \$120 million a number that was built up from  
3           particular uses that the City had in mind that  
4           aggregated to \$120 million or was that \$120 million

## Objectors' Designations From December 5, 2013 Deposition of James Doak

5            simply the balance of a total loan that the City felt  
6            it was appropriate to borrow? Do you understand the  
7            question I'm asking?

**Pg: 66 Ln: 10 - 22**

### **Designation:**

66:10                            THE WITNESS: I do understand the question.  
11            You're asking, in essence, this is a which-came-first  
12            type concept, and I don't believe that that's an  
13            appropriate characterization because the process, in  
14            the end, was, as I said, highly iterative and the --  
15            the City and its stakeholders had an opportunity to  
16            take a look at this particular loan sizing and what  
17            the implications were for the City's liquidity as the  
18            City proceeded down a revised restructuring and  
19            reinvestment path and had the opportunity to determine  
20            whether that was acceptable, both in terms of the loan  
21            size and also what the initiatives -- the revised form  
22            of the initiatives.

**Pg: 66 Ln: 24 - Pg: 67 Ln: 12**

### **Designation:**

66:24    Q.    In coming up with the \$120 million, roughly, for the  
25            quality of the life loan, was -- were you working from  
67: 1            sort of wish list of purposes to which the money would



## Objectors' Designations From December 5, 2013 Deposition of James Doak

2 be devoted?

3 A. No. That's not how I've characterized how the process  
4 the City engaged in worked and Miller Buckfire was not  
5 focused on a -- any sort of City wish list.

6 Q. Would it be fair to say that from Miller Buckfire's  
7 perspective, you were approaching this similar to the  
8 way you were thinking about it back in the spring  
9 before the case was filed; in other words, looking at  
10 cash flow projections out of the general fund and  
11 making a judgment as to what amount would be necessary  
12 to maintain appropriate liquidity during the case?

**Pg: 67 Ln: 15 - Pg: 68 Ln: 17**

### **Designation:**

67:15 THE WITNESS: No, I don't believe that  
16 that's -- that's accurate. Our thinking considerably  
17 evolved, because in the spring, we did not have any  
18 anticipated, you know, time and conclusions on how  
19 exactly a Chapter 9 proceeding would look liquidity  
20 wise and when it would occur.

21 So in the spring, there was a general  
22 concept that one purpose of providing liquidity to the  
23 general fund would be working capital, in addition to  
24 the payment under the Forbearance and Optional  
25 Termination Agreement. The process that we went  
68: 1 through in late summer was much more reality and data

## Objectors' Designations From December 5, 2013 Deposition of James Doak

2 based because we actually had a filing and we had, you  
3 know, actual and forecasted cash flow balances and we  
4 had an understanding of what the -- some of the  
5 operational and reorganization initiatives would be on  
6 a -- on a granular level and also how they would  
7 potentially have to be revised considering in their  
8 initial formulation, they were supposed to begin mid  
9 summer.

10 Similarly, we -- in addition to having an  
11 actual filing date and resulting working out --  
12 working capital implications from that filing, we had  
13 revised actual performance and prospective assumptions  
14 about obligations the City was continuing to pay on  
15 and the City's cash flows. So we had a better sense  
16 of -- in a revised sense, of where the City's  
17 liquidity would be.

**Pg: 69 Ln: 13 - Pg: 70 Ln: 2**

### **Designation:**

69:13 Q. First of all, let me just confirm this. I believe  
14 that you sent two packages to -- by the way, that  
15 reminds me of a question. Back when you did your list  
16 of people who were involved in the iterative dialogue  
17 regarding the structure and economics of the proposed  
18 DIP, you didn't mention the City Council. Was the  
19 City Council or any of its representatives or advisors

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

20           involved in that iterative dialogue?

21    A.    No.

22    Q.    But, ultimately, you advised them by advising them I  
23           think first of the status and then of outcome; is that  
24           correct?

25    A.    Yes.

70: 1   Q.    Let me --

      2    A.    Yeah.  I think that's fair.

**Pg: 70 Ln: 16 - Pg: 72 Ln: 24**

### **Designation:**

70:16   Q.    Mr. Doak, take a second to look at what's Doak 4 and  
17           let me know when you've had a chance to do that.

18    A.    I'm set.

19    Q.    Okay.  This is dated, I think, 10 days before Doak 3?

20    A.    Yes.

21    Q.    And I read it as a staff -- as a status update rather  
22           than transmission of final terms?

23    A.    That's correct.

24    Q.    Was this, in fact, transmitted to City Council, this  
25           document?

71: 1   A.    This was provided to each member of City Council in  
      2           six one-on-one meetings that I had with each one of  
      3           the members, and in one instance that I can recall,  
      4           with a staff member.  So this was physically handed to  
      5           the council member.

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

6 Q. Okay. And then you met with each of them  
7 individually, not with City Council as a group, in  
8 discussing this Doak 4?

9 A. Yes.

10 Q. Okay.

11 A. Subsequently, later on, one council member requested  
12 this in an electronic form and I believe I provided it  
13 to him.

14 Q. Now, if you would flip to what's Bates stamped 20043.  
15 This has this financing process, progression, which is  
16 what I suspect you were flipping through Doak 3 to  
17 find.

18 A. Yes.

19 Q. So number of parties contacted is 50. That contacted  
20 does not mean they were sent a package, correct?

21 A. That's correct.

22 Q. Okay. Who identified the 50 to contact?

23 A. Multiple parties identified the 50. Miller Buckfire  
24 prepared an initial list and parties -- parties  
25 involved were able to add themselves and, also, some  
72: 1 parties contacted the City and Miller Buckfire.

2 Q. Okay. So parties contacted could mean either Miller  
3 Buckfire out or somebody in?

4 A. Yes.

5 Q. Okay. And then the next line item is number of  
6 parties that executed nondisclosure agreements. Would  
7 those -- all of those 40 have gotten the proposal

## Objectors' Designations From December 5, 2013 Deposition of James Doak

8 package?

9 A. Yes.

10 Q. Okay. So all of those 40 would have gotten the Doak  
11 2, the associated term sheet, the forbearance  
12 agreement, and subsequently the liquidity analysis?

13 A. Yeah.

14 Q. Okay. And then 16 submitted letters of intent, which  
15 took what form in your process, a proposed term sheet?  
16 Is that -- what did the letter of intent have to look  
17 like?

18 A. A letter of intent had to -- it had to be a -- some  
19 form of structured response in regards to a financing  
20 commitment or other structure. It had to be -- it  
21 could be two pages back, indicating general interest  
22 in participating with an indication as to which of the  
23 facilities and the size and generate conversations or  
24 it could be a fully marked-up term sheet.

**Pg: 73 Ln: 11 - 17**

### **Designation:**

73:11 Q. No, no. I probably asked the question incorrectly.  
12 Do you know how many of the 16 either marked up your  
13 term sheet or submitted a term sheet of comparable  
14 detail?

15 A. I can't recollect a specific number, but I would say  
16 to the best of my recollection, maybe eight, seven or

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

17           eight.

**Pg: 74 Ln: 3 - Pg: 75 Ln: 3**

**Designation:**

74: 3    Q.    If you would take a look at what's been marked Doak 5  
4           and turn to Bates stamped 20218.

5    A.    Yeah.

6    Q.    It says at the top Post-Petition Financing All-In Cost  
7           Analysis?

8    A.    Yes.

9    Q.    There are, in fact, eight parties listed here. Are  
10           these the eight that provided either a mark up of the  
11           term sheet or something in comparable detail?

12   A.    These are the eight at that particular time. I would  
13           say your total number ends up being nine.

14   Q.    Okay. And was another version of this comparison done  
15           that added the ninth?

16   A.    No.

17   Q.    Okay. And one more question, and then we'll break for  
18           lunch.

19                           Looking back at Doak 4, it indicates that  
20           four parties ultimately submitted a commitment letter.

21   A.    Yes.

22   Q.    Which of these four were the four parties that  
23           submitted a commitment letter?

24   A.    The four parties referenced by this presentation were

## Objectors' Designations From December 5, 2013 Deposition of James Doak

25 Bank of America, Merrill Lynch, Barclays, Goldman, and  
75: 1 CarVal.

2 Q. Those are the four that are referenced in the --

3 A. Yes.

**Pg: 77 Ln: 3 - 15**

### **Designation:**

77: 3 Q. And just to confirm my notes, the four that delivered  
4 commitments at your request and that will be reflected  
5 on an update to Doak 5 were Bank of America, Merrill  
6 Lynch, BANL, right?

7 A. Yes.

8 Q. Barclays, Goldman Sachs, and CarVal?

9 A. CarVal, yeah.

10 Q. What is CarVal?

11 A. CarVal is a multi-billion dollar institutional  
12 investor, effectively a hedge fund from Minneapolis  
13 that is loosely affiliated with Cargill and they had a  
14 group of investors that came together to offer the  
15 City this particular proposal.

**Pg: 77 Ln: 16 - Pg: 78 Ln: 7**

### **Designation:**

77:16 Q. If you could grab Doak 2.

17 A. And to clarify on the record, yes, there is a further

## Objectors' Designations From December 5, 2013 Deposition of James Doak

18 version of Doak 5 and we are -- you know, we are  
19 getting that.

20 Q. Okay.

21 A. And I'm back to Doak 2.

22 Q. Let's turn to page 2 of the term sheet, which is Bates  
23 number 16685, and I'm looking at collateral. Now, as  
24 I understand, the collateral that was proposed to  
25 prospective lenders it was somewhat different for the  
78: 1 swap termination loan and the quality of life loan.

2 If I understand this, the swap termination loan would  
3 be secured by a first lien on income tax revenues of  
4 the City, and a pari-passu lien with the quality of  
5 life loan first on what's called the asset proceeds  
6 collateral, correct? And then the -- can you answer?

7 A. Yes. Yes.

**Pg: 78 Ln: 14 - Pg: 80 Ln: 8**

### **Designation:**

78:14 Q. Quality of life loan has a first lien on the wage and  
15 tax revenues, the casino revenues?

16 A. Yes.

17 Q. A second lien on the income tax revenues behind the  
18 swap note --

19 A. Yes.

20 Q. -- right?

21 And then the shared first lien with the



**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

22 swap note on the asset proceeds collateral, correct?

23 A. Yes, that's correct.

24 Q. The swap termination loan has -- under your proposal,

25 had no lien on the wage and tax revenues; is that

79: 1 correct?

2 A. That's correct.

3 Q. Okay. Now, if I read the Barclays' commitment and

4 proposed definitive loan documentation correctly, this

5 is precisely the collateral structure that is

6 contemplated for the DIP; is that correct?

7 A. Yes. The -- Barclays' collateral structure largely

8 materially accepts what was in the indicative term

9 sheet.

10 Q. When you say materially, are their differences that

11 you're aware of?

12 A. Well, there may be more details and legalese, but

13 basically it's the same --

14 Q. All right. So the economic --

15 A. -- structure.

16 Q. -- terms are the same, although the words may be

17 different?

18 A. Actually, there's modest changes on the economics.

19 For instance, in one point where one of the loans is

20 paid off, the amount that can be drawn from income tax

21 goes to 8.

22 Q. Under the Barclays' deal?

23 A. Yeah.

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

24 Q. And under your proposal here, the \$4 million per month  
25 that was applied to this swap termination loan would  
80: 1 simply move over to the -- well, it doesn't matter.  
2 We'll get to the precise Barclays' deal in a minute.  
3 But in any event, I'm correct that the  
4 proposal that went from the City to prospective  
5 lenders contemplated the collateral including income  
6 tax revenue, asset proceeds, and the casino revenues,  
7 correct?  
8 A. Yes.

**Pg: 80 Ln: 9 - Pg: 84 Ln: 15**

### **Designation:**

80: 9 Q. And if I understand it, the asset proceeds collateral  
10 constitutes any proceeds from the sale or series of  
11 sales of City assets that exceeds \$10 million; is that  
12 correct? And I'm looking at what's called mandatory  
13 prepayments on page 2 of the term sheet.  
14 A. Yes. This is the -- this is the provision that you're  
15 referring to on page 2 of the term sheet is the  
16 provision that we provided to the lenders.  
17 Q. Right. Okay. Wouldn't you agree with me that if a  
18 borrower goes out to lenders and proposes to give  
19 collateral, it's unlikely that prospective lenders  
20 would say, no, thanks, I'll lend you the money without  
21 collateral?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

22 A. It would be unlikely that a potential lender would  
23 remove or -- you know, remove protections from their  
24 proposal that were at -- that we went out to with --  
25 in the initial form.

81: 1 Q. So why did you concede that this loan would have to be  
2 collateralized right out of the box rather than first  
3 seeking either unsecured credit or credit with less  
4 collateral?

5 A. We went to market with this proposed term sheet  
6 recognizing we had a limited amount of time to educate  
7 an extremely knowledgeable and sophisticated  
8 investment community on a financing that they would be  
9 considering in the midst of many other competing  
10 investment opportunities. This investor community  
11 would also be very familiar with market and -- market  
12 terms and conventional and customary provisions  
13 associated with post-petition financing, and given the  
14 fact that we had a limited amount of time and we were  
15 operating in a very competitive environment and also  
16 one that was -- one in which there was substantial  
17 litigation from stakeholders, we recognized that the  
18 financing -- we believed that the financing would most  
19 likely have to have these particular provisions in  
20 order to receive solic -- receive indications back  
21 from parties.

22 Q. Is another way of saying that that you assumed that  
23 you would need a collateral package of this type to

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

24 generate interest?

25 A. Based on the -- a -- I don't know how you want to talk  
82: 1 about or how you consider the term assumed because we  
2 came to these -- we came to the conclusion that the  
3 package would require these provisions based on a  
4 variety of factors including the ones I've already  
5 specified and including, you know, preliminary  
6 dialogue with -- with would-be financing parties.

7 Q. So did you seek unsecured financing for the City for  
8 the DIP at all?

9 A. We should discuss what you think about the concept of  
10 seek, but we did not produce a solicitation document  
11 that asked parties to return bids for unsecured  
12 financing.

13 Q. Did you pick up the phone and call anybody and ask  
14 what their interest would be in providing unsecured  
15 financing to the City?

16 A. Yes.

17 Q. Who?

18 A. The topic of conversation came up in a number of  
19 conversations with -- with potential parties.

20 Q. All right. Let's parse that. Who was asked if they  
21 would provide unsecured financing to the City for this  
22 facility?

23 A. I can recall it coming up in a -- the best of my  
24 recollection, a conversation with CarVal, and I  
25 believe it came up in some of Mr. Buckfire's

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

83: 1           conversations with -- with other potential lenders.  
2    Q.    Do you know which ones?  
3    A.    No.  
4    Q.    The conversation with CarVal, you had that?  
5    A.    Yeah.  
6    Q.    Did you have it before or after the solicitation  
7           package went out?  
8    A.    Before.  
9    Q.    And when was the conversation?  
10   A.    I don't recall the particular date.  
11   Q.    What was the --  
12   A.    It would be in -- it would be in August.  
13   Q.    And what was the substance?  
14   A.    Substance of the conversation would be them dialoguing  
15           with us about how they think -- thought a deal could  
16           get done and a -- a question from -- from me, you  
17           know, broadly as to whether the financing could be  
18           done without these particular provisions and -- and an  
19           indication on their part that they didn't see it  
20           happening.  
21   Q.    All right. Let's push that a little bit. This  
22           conversation with CarVal, was it -- were you asking  
23           for their views of the market generally or were you  
24           asking for their views about what would be of interest  
25           to them specifically?  
84: 1   A.    They were presenting their thoughts on the market and  
2           how they were thinking about structuring the

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

3            financing.

4    Q.    All right. Who called whom?

5    A.    Most of the conversations with the CarVal

6            representative. I -- the CarVal representative was

7            calling me and checking on the status of the process.

8    Q.    And you said to him would you be interested in making

9            a loan to us on an unsecured basis. Did you ask that

10           question?

11   A.    No, I did not.

12   Q.    So what you're saying, if I understand you correctly,

13           is you would be -- the conversations that CarVal had

14           with you took as a presumption that there would be

15           collateral?

**Pg: 84 Ln: 18 - Pg: 85 Ln: 10**

**Designation:**

84:18                            THE WITNESS: Well, I think CarVal

19            certainly presumed there would be -- there would be a

20            security interest.

21   BY MR. MARRIOTT:

22   Q.    Okay. Did you personally ask any prospective lender

23            if they would make an unsecured loan, make the DIP

24            loan to Detroit on an unsecured basis?

25   A.    Aside from the conversation we just discussed, no.

85: 1    Q.    And I understood -- at least I thought I understood

2            your answer with respect to CarVal that you didn't

## Objectors' Designations From December 5, 2013 Deposition of James Doak

- 3           specifically ask them?
- 4    A.    That's correct.
- 5    Q.    Do you know if Mr. Buckfire in his conversations with
- 6           potential lenders specifically asked any of them if
- 7           they would be willing to make an unsecured -- make the
- 8           DIP facility available to the City on an unsecured
- 9           basis?
- 10   A.    I don't know.

**Pg: 85 Ln: 11 - Pg: 86 Ln: 11**

### **Designation:**

- 85:11   Q.    When constructing the collateral package for the DIP
- 12           facility that the City incorporated into its
- 13           solicitation package, did you consider the effect that
- 14           that collateral package might have on recoveries for
- 15           unsecured creditors in the case?
- 16    A.    We -- we considered the over -- the implications of
- 17           getting the overall financing accomplished.
- 18    Q.    Okay. Tell me -- tell me what you considered.
- 19    A.    We considered the importance of the City having
- 20           adequate liquidity throughout the restructuring case
- 21           so that we could continue to maintain operations. We
- 22           considered the importance of initiating the
- 23           operational initiatives and spending that were
- 24           targeted in the revised Conway McKenzie documentation.
- 25           We considered the importance of resolving the ongoing

## Objectors' Designations From December 5, 2013 Deposition of James Doak

86: 1           default condition with the swap counterparties, and we  
2           considered the savings -- effective savings available  
3           to the City associated with paying the optional  
4           termination and resolving the swaps and what that  
5           would provide the City in regards to its liquidity and  
6           overall ability to operate and at some point in the  
7           future, you know, return value to the creditors.  
8    Q.   Let me come at that from two different angles. Did  
9           you have projections that reflected that creditor --  
10          that amounts available for distribution to creditors  
11          would be enhanced if the DIP facility was borrowed?

**Pg: 86 Ln: 14 - 15**

### Designation:

86:14                           THE WITNESS: We did not have comparative  
15           projections.

**Pg: 86 Ln: 17 - Pg: 87 Ln: 14**

### Designation:

86:17    Q.    So you didn't know whether, in fact, the DIP loan  
18           would enhance creditor recoveries; is that correct?  
19    A.    No, that's not correct.  
20    Q.    Well, how would you have known it without projections  
21           that demonstrated?  
22    A.    The City's projections are based on a number of



## Objectors' Designations From December 5, 2013 Deposition of James Doak

23 assumptions, including its ability to restore basic  
24 municipal services from a present status quo position  
25 of service insolvency, and in doing that, produce the  
87: 1 revenues and costs that the City currently  
2 incorporates into its forecasts. So it is important  
3 for the City to engage in those operational  
4 initiatives and reorganization initiatives in order to  
5 stabilize the operations of the City, improve the  
6 operations of the City to an acceptable level that  
7 will eventually allow the City to return value to its  
8 creditors.

9 If the City doesn't have the DIP or the  
10 post-petition financing, we do not ask -- we do not  
11 forecast having sufficient liquidity to proceed  
12 forward with the operating initiatives at this time  
13 and it's a -- it's my belief that that will be  
14 detrimental to the recovery of creditors.

**Pg: 87 Ln: 25 - Pg: 90 Ln: 5**

### **Designation:**

87:25 Q. All right. Let me ask the question differently.  
88: 1 What's the importance of doing a DIP now versus  
2 borrowing the same amount of money in connection with  
3 a plan of adjustment and an exit from the case?  
4 A. There is a pressing, immediate need both to resolve  
5 our default with the swap counterparties and to

## Objectors' Designations From December 5, 2013 Deposition of James Doak

6 immediately improve the state of municipal services in  
7 the City of Detroit. The City is under-policed,  
8 under-lit, and under-protected today and people are  
9 leaving the City and revenue opportunities are being  
10 lost today. The longer the City waits, the longer  
11 those opportunities, those revenues are lost, the more  
12 expensive the deferred maintenance becomes and the  
13 greater risk is incurred by the City and all its  
14 stakeholders in regards to the City's ability to  
15 stabilize and revitalize itself.

16 Q. What's the balance of the general fund today?

17 A. The balance of the general fund today, or the end  
18 of -- I thought it was the end of October, based on my  
19 conversation with ENY was approximately \$100 million  
20 in the account.

21 Q. And you -- but you don't know what it was as of  
22 November 30th?

23 A. I thought -- that was the best of my recollection that  
24 it might be the \$100 million figure.

25 Q. As of November 30?

89: 1 A. I --

2 Q. The number you remember is 100 million. You're not --

3 A. Yeah.

4 Q. -- real sure when it's from?

5 Are there projections that show when the  
6 City runs out of money, if it relies solely on the  
7 general fund and no supplemental financing?

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

- 8 A. There have been, yes.
- 9 Q. Well, when you say there have been, are there any  
10 current such projections?
- 11 A. There was a -- there was a cash flow put together for  
12 the benefit of a dialogue with the stakeholder that  
13 showed a general -- where the City continued to  
14 operate on the general fund and at the same time made  
15 the spending associated with the operational  
16 restructuring initiatives and that particular forecast  
17 showed the general fund at a negative cash balance  
18 in -- beginning in April or May of 2014.
- 19 Q. Okay. And has an analysis been done which adds 120  
20 million to the general fund and project how much  
21 further the general fund would maintain a positive  
22 balance?
- 23 A. Well, that -- yes. That would actually just be the  
24 liquidity forecast associated with the DIP financing  
25 effectively, right? Because that forecast assumes the  
90: 1 DIP financing occurs. In that forecast, additional  
2 amount, roughly 120 million, the balance of the  
3 post-petition financing is added to the general fund  
4 and -- and then we run out the City's prospective  
5 liquidity.

**Pg: 90 Ln: 10 - 17**

**Designation:**

## Objectors' Designations From December 5, 2013 Deposition of James Doak

- 90:10 Q. Mr. Doak, just let me know when you get a chance to  
11 look at Doak 6.
- 12 A. Okay.
- 13 Q. Is Doak 6 the liquidity analysis that was contemplated  
14 by the package sent to the prospective lenders and  
15 that was eventually sent to them?
- 16 A. Yes, it appears to be that forecast that you  
17 referenced.

**Pg: 91 Ln: 2 - 15**

### **Designation:**

- 91: 2 Q. Do you understand creditor proposal in that context to  
3 be the June 14th proposal for the quality emergency  
4 manager?
- 5 A. Yes.
- 6 Q. Top line of the spreadsheet there refers to funds  
7 available for unsecured claims per creditor proposal.  
8 Do you see that?
- 9 A. Yes.
- 10 Q. What do you understand the numbers under fiscal year  
11 2014 through fiscal year 2017 for that line item to  
12 reflect?
- 13 A. That reflects a residual balance of liquidity in each  
14 one of those years coming from the forecast that was  
15 in the creditor proposal.

## Objectors' Designations From December 5, 2013 Deposition of James Doak

**Pg: 91 Ln: 16 - Pg: 92 Ln: 14**

**Designation:**

- 91:16 Q. Okay. And my understanding is that forecast did not  
17 include any sort of DIP financing, correct?
- 18 A. That's correct. That forecast did not include a  
19 Chapter 9 filing.
- 20 Q. No. I understand that. All right. Let me ask it a  
21 different way. Did that forecast contemplate  
22 financing of any kind?
- 23 A. It did not contemplate any further financing, right.  
24 It has the financing existing at the time in the form  
25 of the BSA-backed bonds and parking bonds.
- 92: 1 Q. Right. But it didn't contemplate any incremental  
2 finance?
- 3 A. That's correct.
- 4 Q. Okay. Then, if you would look further down at the  
5 line that says net cash flow per DIP financing  
6 scenario. Do you see that?
- 7 A. Yes.
- 8 Q. What is your understanding of what those numbers  
9 reflect?
- 10 A. That reflects the net cash flow for each one of the  
11 years after taking into account the -- the various  
12 changes in the forecast associated with the passage of  
13 time, the Chapter 9 filing, and the assumed DIP  
14 financing terms.

## Objectors' Designations From December 5, 2013 Deposition of James Doak

Pg: 94 Ln: 1 - Pg: 95 Ln: 1

### Designation:

- 94: 1 Q. I'm looking at the top line that says \$31.9 million  
2 available for unsecured claims in fiscal year 2015.  
3 Do you see that?
- 4 A. Yes.
- 5 Q. How is that a flow and not a balance?
- 6 A. That is a -- that is the cash flow, positive cash flow  
7 that occurs in the forecast in that particular year.
- 8 Q. Okay.
- 9 A. It's a -- it is a residual -- it is a residual for  
10 that year.
- 11 Q. All right. And if I understand --
- 12 A. But there's a flow amount. It's like something you  
13 would see in an income statement or a statement of  
14 cash flows.
- 15 Q. No, I understand that, but the creditor proposal, as I  
16 understand it, contemplates making distributions to  
17 creditors from positive cash flow, correct?
- 18 A. I -- the proposal to creditors, it is -- has many  
19 different facets in regards to what it's paying or  
20 what is available for the various unsecured creditors.
- 21 Q. No, I understand that. But funds available for  
22 unsecured claims, what does it mean if it doesn't mean  
23 money that could be distributed to unsecured creditors

## Objectors' Designations From December 5, 2013 Deposition of James Doak

24 under the creditor proposal?

25 A. It does mean cash flows in the given period that would  
95: 1 be available for distribution to creditors.

**Pg: 100 Ln: 1 - Pg: 101 Ln: 7**

### **Designation:**

100: 1 Q. All right. Let's talk a little bit about these two  
2 forecasts. We have the forecast that begins on the  
3 third page of this exhibit, which reflects net -- cash  
4 net of distributions is positive all the way through  
5 the forecasting, correct?

6 The cash flow that begins on page -- if I  
7 am reading it correctly, reflects positive fund  
8 balance. It looks like the forecast -- throughout the  
9 forecast period.

10 A. Yes.

11 Q. Correct?

12 A. Uh-huh.

13 Q. Okay.

14 A. That's correct.

15 Q. Then we get to Appendix A, which is reinvestment  
16 adjustments summary. How does the readjustments  
17 summary relate to the first cash flow forecast that  
18 you just discussed? Is it built into it or is it --  
19 is Appendix A layering on the expenses associated with  
20 reinvestment? Do you understand my question?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

21 A. Yes. It is built into it.

22 Q. So that the cash flow on pages 4 and 5 incorporate the  
23 reinvestment expenses reflected on pages 7 through 9?

24 A. Yeah, 3, 4, 5 --

25 Q. Right --

101: 1 A. -- incorporate 7, 8, 9.

2 Q. Okay. What 7, 8, and 9 do is simply reflect on a  
3 standalone basis the impact on cash flows of  
4 reinvestment and then you take that impact, roll it  
5 into the other components of generation of the cash  
6 flow, and you get what's on 4, 5, and 6?

7 A. Yes.

**Pg: 101 Ln: 11**

**Designation:**

101:11 MR. MARRIOTT: I do mean 3, 4, and 5.

**Pg: 101 Ln: 14 - Pg: 102 Ln: 6**

**Designation:**

101:14 Q. If you turn back to the first page -- or the second  
15 page. I'm sorry. Page 2 of Doak 6. Okay. We have  
16 memo 2 at the bottom, DIP financing related activity.

17 Do you see that?

18 A. That's correct.

19 Q. And there are certain assumptions built into this



**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

20 financing related activity, including interest rate  
21 and the amount of the swap settlement. Do you see  
22 that?

23 A. Yes.

24 Q. All right. And the interest rate assumed for this  
25 purpose was 5 percent. Let me just first ask you why  
102: 1 5 percent?

2 A. The 5 percent was a product of a number of  
3 conversations and we -- coming to the conclusion that  
4 using an indicative rate of 5 percent would be the  
5 least prejudicial interest rate to use in our model in  
6 presenting it to would-be investors.

**Pg: 102 Ln: 7 - Pg: 103 Ln: 6**

**Designation:**

102: 7 Q. So if I understand your answer, it's a little bit like  
8 going out with collateral and expecting lenders to  
9 come back saying we don't need it. You were concerned  
10 about going out with a number that was credible, but  
11 which didn't invite high interest rate proposals on  
12 the way back in; is that what you mean by prejudicial?

13 A. No. I think you're close, but I -- first, I think  
14 it's very different when soliciting lenders and  
15 thinking about terms of collateral and protection  
16 versus terms of interest rate. So I -- I don't feel  
17 comfortable suggesting that there's, you know, a

## Objectors' Designations From December 5, 2013 Deposition of James Doak

18 strong amount of similarity between the two.

19 What I indicated, said again but maybe  
20 slightly differently, is that placing 5 percent in  
21 this model seemed to approximate a good starting point  
22 and also the rounded number would indicate to parties  
23 both that they may have to flex up or -- they may flex  
24 up in what they were asking for or the pricing may be  
25 actually lower than 5 percent.

103: 1 Q. All right. I guess the word that got me thinking  
2 along the lines I expressed was prejudicial in your  
3 answer. What did you mean when you say it was a  
4 number that -- and I believe the formulation you said  
5 was something along the lines of least prejudicial?

6 A. Least likely to influence the feedback.

**Pg: 105 Ln: 16 - Pg: 106 Ln: 12**

### **Designation:**

105:16 Q. Mr. Doak, if you would take Doak 5 back and turn to  
17 the page starting Bates stamp 20226 and this, I  
18 gather, is what we were talking about and searching  
19 for earlier, which is the comparison of the actual  
20 commitment letters received, correct?

21 A. Yes.

22 Q. Were there further negotiations with any of these four  
23 parties after receipt of the commitment letter?

24 A. Yes.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

25 Q. Which of the four were there further negotiations  
106: 1 with?

2 A. Barclays, CarVal, Bank America, Merrill Lynch, and  
3 there was a further conversation with Goldman Sachs.  
4 So we remained in -- we had further conversations with  
5 all four parties.

6 Q. Okay. And did any of them, following those  
7 conversations, amend the terms of their commitments?

8 A. Yes.

9 Q. Okay. Were those amendments informal or were they --  
10 were they accompanied by a revised commitment letter?

11 A. They were accompanied by revised drafts of their  
12 commitment documentation.

**Pg: 106 Ln: 21 - Pg: 108 Ln: 2**

**Designation:**

106:21 BY MR. MARRIOTT:

22 Q. Looking at this chart, starting on Bates 20227 and  
23 starting with Barclays, can you tell me which of the  
24 terms reflected on this exhibit were changed and to  
25 what they were changed?

107: 1 A. First, to begin to answer the question, it's important  
2 to note that this document was created on the 3rd.

3 Q. Okay.

4 A. So the first final drafts of the commitment letters  
5 that we received from these parties was before the 3rd

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

6           and this document incorporates negotiations in  
7           progress.

8    Q.    Okay.  So -- all right.  Were there changes to the  
9           proposed terms after generation of this document?

10   A.    Yes.

11   Q.    Okay.  Can you tell me, starting with Barclays, what  
12           the changes were to the proposed terms after  
13           generation of this document?

14   A.    What I can do to my -- the best of my ability is tell  
15           you the -- my recollection of which terms here  
16           changed.

17   Q.    That's perfectly fine.

18   A.    Because all of the terms that are here didn't -- terms  
19           that are not here, finer legal points may have  
20           continued to be negotiated and changed and the like.

21   Q.    I understand.  But I'm assuming that these terms were  
22           listed because those were the ones that at least from  
23           an economic basis were considered the most  
24           significant.  So why don't you tell me --

25   A.    They're ones that at the time Miller Buckfire felt  
108: 1           that it was material to point out to the economic  
2           decision makers.

**Pg: 108 Ln: 9 - Pg: 112 Ln: 15**

### **Designation:**

108: 9    Q.    Yes?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

10 A. -- which is the 20228, the minimum revenue levels were  
11 negotiated.

12 The --

13 Q. I am not seeing this. Hold on.

14 A. I'm on 20228.

15 Q. Right.

16 A. Barclays' column, top row, selected covenants, first  
17 bullet, minimum wage and income tax levels to be  
18 agreed upon.

19 Q. And they were ultimately agreed upon, correct?

20 A. Yes.

21 Q. And my recollection is it's \$30 million a month for  
22 each?

23 A. No. Every three months.

24 Q. Every 90 days.

25 A. It's a rolling covenant.

109: 1 Q. Okay.

2 A. We also further negotiated the second bullet point,  
3 which is the provision associated with the cessation  
4 of control of the City by an emergency manager.

5 Q. Okay.

6 A. Or in this case an emergency manger, which may be  
7 appropriate for the holiday season, but that period  
8 was lengthened and several other potential acceptable  
9 governance conditions were added.

10 Under collateral, the terms were further  
11 amended to provide -- provide for a condition where

## Objectors' Designations From December 5, 2013 Deposition of James Doak

12 the -- let's see -- where the swap termination loan  
13 was paid off and the quality of life loan wasn't,  
14 although that's extremely unlikely, and in that  
15 condition -- nope. Sorry. It's the reverse.

16 In a situation where the quality of life  
17 loan has been retired and so there is no longer a 4  
18 million a month pull on wage earning taxes, then the  
19 swap termination loan can go up to 8 a month on income  
20 tax.

21 Q. Okay.

22 A. On the mandatory prepayments, further terms and  
23 details were negotiated in regards to how to think  
24 about asset sale proceeds, in regards to how to think  
25 about aggregation of sales. I do not recall any  
110: 1 further adjustments from these particular terms, not  
2 to suggest that there -- that there weren't.

3 Q. Okay. Any changes to the CarVal terms?

4 A. I do -- I do not recall with sufficient clarity the  
5 various changes that were being suggested in regards  
6 to the CarVal facility.

7 Q. Okay. Bank of America, Merrill Lynch.

8 A. Given the timing of this particular presentation,  
9 there were no -- there were no further revisions to  
10 the Bank of America, Merrill Lynch, or Goldman Sachs  
11 terms because we had terminated our negotiations or  
12 suspended our negotiations with these parties.

13 Q. Okay. So it's fair to say that the last two horses in

## Objectors' Designations From December 5, 2013 Deposition of James Doak

14 the race were Barclays and CarVal?

15 A. That's correct.

16 Q. Okay. And what were the factors that led to the  
17 selection of Barclays over CarVal?

18 A. There were a number of factors that led to the  
19 selection of Barclays over the CarVal group, including  
20 pricing, institutional reputation, commitment by a  
21 single institution versus a syndicate, and also,  
22 acceptable negotiated provisions on other elements of  
23 the financing including required opinions, terms of --  
24 potential terms of the court order, and other  
25 provisions.

111: 1 Q. Okay. Just looking at the CarVal column starting on  
2 20227, which is the first substantive page, it shows a  
3 six-month delay draw on the quality of life loan. Am  
4 I reading that correctly, that the draw on that loan  
5 would not be a closing but a six-month post-loan  
6 closing?

7 A. At the option of the City, there was a delay draw  
8 option that was a component of the carveout proposal.

9 Q. And I see that there was an unused fee that was half  
10 of regular rates. So this was a cost saving feature  
11 of the CarVal facility?

12 A. This -- yeah. This was a -- this was an expense  
13 reducing provision of the CarVal facility.

14 Q. Did the City consider that to be an attractive feature  
15 of the CarVal offer?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

16 A. Yes.

17 Q. One of the other CarVal options is for an exit  
18 facility. Do you see that?

19 A. Yes.

20 Q. Would that have been a committed exit facility? I  
21 mean, were the terms in place?

22 A. Yes.

23 Q. Okay. Was there a cost associated with exercising the  
24 option?

25 A. There would have been.

112: 1 Q. Do you know what it was?

2 A. I'd have to refer to the CarVal documentation.

3 Q. Okay. Do you know the -- the length of the exit  
4 facility?

5 A. I'd have to refer to the documentation. I could be --  
6 it could be a five to seven-year.

7 Q. Okay. So just --

8 A. Sorry. Yeah. I mean, the -- we should just look at  
9 that document if we want to figure out what the  
10 pricing is, but the -- it was similar to the pricing.  
11 It was not -- it was not a cheap option.

12 Q. The pricing for the exit facility was similar to the  
13 pricing for the debt?

14 A. No. The pricing was -- the pricing provision was  
15 complex.

**Pg: 112 Ln: 18 - Pg: 113 Ln: 5**



## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

**Designation:**

112:18                               Going back to Doak 2, I asked you a  
19                               question about the extent to which consideration was  
20                               given to the effect on distributions to creditors  
21                               arising from the DIP and its structure and we got onto  
22                               a discussion at that point about cash flow impact.  
23                               Was consideration given to the effect on distributions  
24                               to creditors and the potential terms of a plan of  
25                               adjustment by granting a lien on asset proceeds,  
113: 1                               collateral, in excess of \$10 million?  
2           A.   I'd have to say yes, in that the DIP financing, per  
3                               the terms herein, the post-petition financing would  
4                               have a priority interest in the net proceeds from  
5                               asset monetizations.

**Pg: 113 Ln: 6 - 9**

**Designation:**

113: 6    Q.   Well, was there any concern that putting \$350 million  
7                               ahead of unsecured creditors on the value of the  
8                               City's assets would make those assets a significantly  
9                               less attractive feature of any plan of adjustment?

**Pg: 114 Ln: 3 - 9**

**Designation:**

## Objectors' Designations From December 5, 2013 Deposition of James Doak

114: 3                   THE WITNESS: We were -- at the time, we  
4                   were focused on the \$280 million swap termination  
5                   liability that the City was potentially facing  
6                   immediately and the impact that that would have on the  
7                   City's overall ability to operate, as well as our  
8                   ability to engage in any sort of activities to improve  
9                   the operations and revitalization of the City.

**Pg: 114 Ln: 25 - Pg: 115 Ln: 3**

### **Designation:**

114:25   A.   The City has a current Mark-to-Market swap liability  
115: 1           of \$277 million as of the end of November. The City  
2           is currently under default on that swap derivative and  
3           we are in bankruptcy court. The derivatives have

**Pg: 115 Ln: 25 - Pg: 116 Ln: 18**

### **Designation:**

115:25   Q.   Have the swap kind of parties threatened to terminate?  
116: 1   A.   I don't know.  
2        Q.   Are you aware that Syncora and FGIC have taken a  
3           position that they cannot terminate without the  
4           consent of Syncora and FGIC?  
5        A.   I am not aware of the -- every detail of the swap  
6           assumption litigation, however, the City's ongoing  
7           concern in regards to this matter has been that no

## Objectors' Designations From December 5, 2013 Deposition of James Doak

8 matter who's right or wrong or whose cash the court  
9 eventually decides the gaming revenues would be, there  
10 is a possibility that in the interim, the revenues  
11 would not be available to the City and available to  
12 nobody, and in that environment, you'd have the strong  
13 probability of a liquidity crisis at the City. That  
14 has been our historic concern.

15 Q. But I am correct, am I not, that the only collateral  
16 claimed by the swap counterparties are the wage tax  
17 earning revenues, right?

18 A. That's correct.

**Pg: 117 Ln: 5 - 10**

### Designation:

117: 5 Q. Mr. Doak, do you recognize what we've marked as  
6 Doak 7?

7 A. Yes, I do.

8 Q. Okay. Am I correct that this is the bond purchase  
9 agreement proposed to be executed between the City and  
10 Barclays with respect to the swap termination bond?

**Pg: 117 Ln: 19 - Pg: 118 Ln: 3**

### Designation:

117:19 MR. MARRIOTT: I'm not trying to trick the  
20 witness and they're both stapled together. They're

## Objectors' Designations From December 5, 2013 Deposition of James Doak

21           both here. Let's start by separating them. Split  
22           them up.

23                           And swap termination is Doak 7, and why  
24           don't we mark the bond purchase agreement for the  
25           quality of life loan as Doak 8.

118: 1                           MARKED BY THE REPORTER:

2                           DEPOSITION EXHIBIT 8

3                           3:04 p.m.

**Pg: 118 Ln: 4 - 21**

### **Designation:**

118: 4   BY MR. MARRIOTT:

5   Q.   Back on now that we, thanks to Mr. Hamilton, figured  
6       out what we now have. We now have Doak 7 and Doak 8.  
7       And am I correct that Doak 7 is the proposed bond  
8       purchase agreement for the swap termination bond?

9   A.   I believe so.

10   Q.   Okay. And am I correct that Doak 8 is the proposed  
11       bond purchase agreement for the quality of life bond?

12   A.   I believe it is.

13   Q.   Okay. And I know that we've gone back and forth about  
14       what the total termination amount will be and it will  
15       be something different or may be something different  
16       at -- if the loan closes at closing, correct?

17   A.   The payment -- yes.

18   Q.   Okay.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

19 A. The amount will be calculated at close.

20 Q. Right.

21 A. At or around close.

**Pg: 119 Ln: 1 - 10**

**Designation:**

119: 1 Q. I'm sorry. Let me ask that again. The bond for the  
2 swap termination will be in whatever amount is  
3 necessary to satisfy the then obligation of the City  
4 swap counterparty under the governing agreements,  
5 including the forbearance agreement; is that correct?

6 A. I think that's accurate, yes.

7 Q. And then the quality of life note will be in an amount  
8 calculated to simply be the difference between the  
9 bond, the swap termination bond and \$350 million?

10 A. Yes.

**Pg: 120 Ln: 3 - 8**

**Designation:**

120: 3 Q. Then I'll simply say, if for whatever reason the City  
4 does not pay to the swap counterparties, the  
5 contemplated termination payment, is the amount that  
6 was otherwise intended for that purpose available to  
7 the City for any other purpose?

8 A. I don't believe so.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

**Pg: 121 Ln: 16 - Pg: 123 Ln: 7**

**Designation:**

121:16 Q. Mr. Doak, sorry to have so much paper in front of you,  
17 but let me ask the question again and you can refer to  
18 whatever you need to to answer. If, for whatever  
19 reason, the City determines it is not going to make a  
20 payment to the swap counterparties, are the loan  
21 proceeds otherwise intended for that purpose under the  
22 Barclays' credit available to the City for another  
23 purpose?

24 A. No.

25 Q. How would the amount of the quality of life note be  
122: 1 termed in the context of -- well, let me ask the  
2 question differently. Would the City, as you  
3 understand it, still be able to borrow the amounts  
4 contemplated by the quality of life note?

5 A. No.

6 Q. So your understanding of the arrangement is borrowing  
7 any of this money is conditioned upon the City making  
8 the payment to the swap counterparties?

9 A. Yes.

10 Q. Is there a provision in particular that you are  
11 looking at in one of these exhibits that leads you to  
12 that conclusion?

13 A. Yes. The -- the provisions, and there may certainly

## Objectors' Designations From December 5, 2013 Deposition of James Doak

14 be others that could be referenced that I've -- that  
15 I've turned to in these exhibits, include in Doak 11,  
16 a page that is marked page 142 of 264, conditions  
17 precedent, and that provision -- so this is the terms  
18 of the swap termination note at the bottom of this  
19 paragraph, termination in whole of certain existing  
20 swap transactions previously entered into between the  
21 various -- between Detroit Police and Fire, et cetera,  
22 et cetera.

23 In addition, in Doak 8, I went to page 178  
24 of 264 and went to closing -- condition to close  
25 provision i, which is evidence of termination and  
123: 1 whole of all existing swap transactions, onward and so  
2 forth.

3 A similar provision is included in Doak 7.  
4 One can find it at page 156 of 264. Once again, it is  
5 a condition to close provision i, evidence in  
6 termination in whole of all existing swap  
7 transactions.

**Pg: 123 Ln: 14 - Pg: 125 Ln: 1**

### **Designation:**

123:14 Q. Now, if I -- let me just make a statement and see if  
15 you agree with me. Other than use of proceeds and the  
16 specific collateral and ultimately the amount, are the  
17 terms of the bond purchase agreements for the swap

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

18            termination note and the quality of life note

19            otherwise substantially identical?

20    A.    For the most part, the documents are very similar.

21            There is a potential for the quality of life note or

22            bond to be a -- a tax exempt issuance.

23    Q.    Okay. On a sort of a to-be-determined basis?

24    A.    I believe it most likely will be tax exempt. There

25            are some options and decisions that we will make --

124: 1            have to make subsequently in regards to whether any

2            refinancing of the quality of life will be tax exempt.

3    Q.    Okay. And in terms of use of proceeds, we know that

4            the swap termination note is intended for making a

5            payment to the swap counterparties. Am I correct in

6            understanding that the documents provide that the

7            proceeds of the quality of life note can be used by

8            the City for any lawful purpose?

9    A.    I don't believe there is a -- there are any

10            restrictions in regards to the use of proceeds in the

11            bond purchase agreement for the quality of life loan.

12    Q.    Okay. In terms of the interest rate on both notes, my

13            understanding is that what I'll call base case is

14            LIBOR plus 2.5 percent, with a LIBOR floor of 1,

15            correct?

16    A.    That's the -- that's the pricing, the documentation.

17    Q.    And I believe I'm -- it's also the case that both of

18            those numbers, the LIBOR floor and the spread over

19            LIBOR, are subject to something called market flex,



**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

20 correct?

21 A. That's correct.

22 Q. And -- and I'm sorry to do this to you. That  
23 agreement regarding market flex is contained in a  
24 separate document, which is a fee agreement with  
25 Barclays; is that correct?

125: 1 A. A fee letter, yes.

**Pg: 125 Ln: 8 - Pg: 128 Ln: 4**

**Designation:**

125: 8 Q. Mr. Doak, is what's been marked as Doak 12 the fee  
9 letter?

10 A. Yeah. I have two copies.

11 Q. Here. I'll take one. Okay. And the market flex  
12 provision is section 3 on page 2, right?

13 A. Yes.

14 Q. And first, to talk about the parameters of market  
15 flex, as I understand the fee letter, the LIBOR floor  
16 can flex up to an additional 1 percent to 2 percent  
17 and the spread over LIBOR can flex from 2 percent -- 2  
18 and 1/2 percent up to an additional to 2 percent to  
19 4.5 percent, correct?

20 A. That's correct.

21 Q. So that the interest rate on the DIP facility,  
22 depending upon as and to the extent the market flex is  
23 triggered, and we'll talk about that in a minute,

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

24           could go as high as 6.5 percent, correct?

25    A.    That's correct.

126: 1   Q.    Now, I'm going to give you my understanding of market  
2           flex and then you can tell me whether I've got this  
3           right.  The purpose of market flex is to provide to,  
4           in this instance, Barclays, the ability, if necessary,  
5           to sell down on a syndicated basis pieces of this  
6           loan.  It gives them the ability to increase the  
7           interest rate to make it attractive to buyers in the  
8           event that 3 and 1/2 percent is not sufficiently  
9           attractive; is that correct?

10   A.    You predicated the whole concept on -- the whole  
11           question on the concept of purpose, which I think  
12           is -- you may want to rephrase it all because  
13           effectively the remain -- the remainder of your point  
14           explain -- basically covered the mechanics adequately.  
15           Purpose for who?

16   Q.    As I understand the fee letter, Barclays has what's  
17           defined to be a successful syndication target,  
18           correct?

19   A.    Yes.

20   Q.    And that successful syndication target is that they  
21           hold no more than half of the \$350 million?

22   A.    That's correct.

23   Q.    Okay.  Market flex, if necessary, to allow them to  
24           reach their successful syndication target allows them  
25           to reset the interest rate on the loan within the

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

127: 1 market flex parameters that we just discussed,  
2 correct?

3 A. That's correct.

4 Q. Now, I want to run a couple hypotheticals by you. If  
5 Barclays discovers that there are no interested takers  
6 at less than 5 percent, so that the interest rate on  
7 the loan is reset to 5 percent, does the -- that  
8 portion of the loan retained by Barclays and not  
9 syndicated also reset to 5 percent?

10 A. Yes.

11 Q. And the fact that they've received a 1.25 percent  
12 commitment fee, they're, nevertheless, entitled to the  
13 market flex interest, right? In other words, the  
14 commitment fee was not -- no purpose -- there was no  
15 purpose in the commitment fee to covering their  
16 interest rate risk so that they would have to stay at  
17 3.5 percent?

18 A. Their commitment fee is based on the terms of the  
19 commitment, right. So they have not -- they have not  
20 committed to hell or high water finance half of the  
21 deal at 3.5 percent.

22 Q. Now, the commitment fee is due regardless of whether  
23 or not this deal ever closes, right?

24 A. That's correct.

25 Q. And you've already paid them half, correct?

128: 1 A. Yes.

2 Q. Is that typical for a commitment fee to be fully

## Objectors' Designations From December 5, 2013 Deposition of James Doak

3           earned in the debtor-in-possession context prior to  
4           the loan being approved?

**Pg: 128 Ln: 9 - Pg: 129 Ln: 20**

### **Designation:**

128: 9    Q.   Is it typical with a DIP loan that the commitment fee  
10           would be fully earned prior to the court approval of  
11           the facility?

12    A.   I don't know about fully earned.

13    Q.   I mean, have you -- have you personally sourced DIP  
14           financing in other contexts, obviously not in Chapter  
15           9, in which the commitment fee was fully earned prior  
16           to obtaining bankruptcy court approval for the loan?

17    A.   I don't know about the concept of fully earned.

18    Q.   Well, by fully earned, I mean payable -- I mean, as I  
19           understand the commitment fee provision in the fee, if  
20           the bankruptcy court decides that if the City is --  
21           decides not to approve the DIP, as I read the fee  
22           letter, you still owe them 1.25 percent.

23    A.   That's correct.

24    Q.   Is that -- that's what I mean by fully earned, fully  
25           earned regardless of whether or not the court ever  
129: 1    approves the transaction. So my question is is that  
2           typical in the context of debtor-in-possession  
3           financing, that the commitment fee will be fully  
4           earned prior to obtaining court approval?

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

- 5    A.    In Chapter 11 proceedings, the debtor's ability to pay  
6           a commitment fee in my experience is limited by its  
7           need to obtain court approval.  As to whether the fee  
8           is earned, I -- I don't know exactly how the parties  
9           would structure the concept of what would be earned.  
10          To the extent something can't be earned until the  
11          debtor's signature is on it and the debtor's signature  
12          can't be on it until the judge says the debtor's  
13          signature could be on it, then I think that that would  
14          be correct.
- 15    Q.    All right.  So --
- 16    A.    But if --
- 17    Q.    You would agree with me that in the typical Chapter 11  
18          context, a condition to a lender's entitlement to  
19          payment of the commitment fee is that the court  
20          approves it?

**Pg: 130 Ln: 13 - 17**

**Designation:**

130:13                           THE WITNESS:  I'm trying to recall what  
14           would happen in a scenario where a commitment fee for  
15           a debtor-in-possession loan was paid pre-petition, and  
16           in that context, I think you could have something  
17           earned and paid.

**Pg: 131 Ln: 9 - Pg: 133 Ln: 14**

## Objectors' Designations From December 5, 2013 Deposition of James Doak

**Designation:**

131: 9 BY MR. MARRIOTT:

10 Q. Why does the fee letter not make court approval of the  
11 transaction contemplated with Barclays a condition for  
12 payment of the commitment?

13 A. It's a negotiated term of the financing.

14 Q. Were there proposals made that did not require the  
15 commitment fee to be paid unless the court approved  
16 the transaction?

17 A. You must be -- you have to be more specific.

18 Q. Well, I guess, did -- I mean, obviously Barclays  
19 wanted you to agree to pay the commitment fee  
20 regardless of whether the transaction was ever  
21 approved, correct?

22 A. Yes.

23 Q. Was that true of all of the proposals made?

24 A. All of what proposals made?

25 Q. Let's start with the four commitments you received.

132: 1 A. Okay. Thank you.

2 Q. Did all four commitments --

3 A. So now we're going to all of the proposals, so --

4 Q. Did all four commitments require the fee to be paid in  
5 the absence -- whether or not court approval for the  
6 transaction was obtained?

7 A. No.

8 Q. Which ones, in addition to Barclays', required the

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

9           commitment to be paid regardless -- the commitment fee  
10           to be paid regardless of court approval?

11    A.    The -- I mean, which of the final four?

12    Q.    Yes.

13    A.    Okay. Thank you. The Goldman commitment had a fee  
14           and the Bank of America had a fee.

15    Q.    And in addition to having those fees, did they -- did  
16           the commitment letters require that they be paid  
17           regardless of whether the transaction was ever  
18           approved by the court?

19    A.    To the best of my recollection, they did require a  
20           payment whether or not the transaction was approved.

21    Q.    Okay. Let's go back to market flex. Well, let me ask  
22           you this: Did -- I take it that since three of the  
23           four did and the only one you didn't name was CarVal,  
24           CarVal did not have a requirement that a fee be paid  
25           regardless of whether the transaction was approved by  
133: 1       the court?

2    A.    CarVal would have required that the City reimburse it  
3           for expenses if the transaction was not approved.

4    Q.    Okay. But --

5    A.    But they did not have a commitment fee that was  
6           required immediately upon signing the commitment.  
7           However, they had other fees if the City took other  
8           directions and they took their effective commitment  
9           fee in the form of OID should their loan have  
10          proceeded ahead.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

11 Q. Right. But you don't earn original discount -- issue  
12 discount unless you've actually closed the deal,  
13 right?  
14 A. That's correct.

**Pg: 133 Ln: 15 - 21**

**Designation:**

133:15 Q. All right. Back to market flex. So the first  
16 question I asked you was -- before we leave the fee,  
17 the commitment fee, did the City ask Barclays to take  
18 out the requirement that the commitment fee be paid  
19 regardless of whether or not the court approved the  
20 transaction?  
21 A. I don't recall us asking Barclays that.

**Pg: 133 Ln: 22 - Pg: 137 Ln: 1**

**Designation:**

133:22 Q. All right. Market flex. We talked about what would  
23 happen if Barclays found interest in the -- found  
24 others willing to purchase a portion of the facility  
25 but only at, for purposes of example, 5 percent, and I  
134: 1 asked you whether that would boost Barclays' return on  
2 its retained portion to 5 percent and you said, yes,  
3 correct?  
4 A. That's correct.



**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

5 Q. Looking, again, at section 3, it indicates that, I  
6 think, in the event that at any price Barclays is  
7 unsuccessful in achieving a successful syndication,  
8 that the interest rate on the DIP financing will go to  
9 6.5 percent. Am I reading that correctly? I'm  
10 looking at two little i's. There's an awful lot of  
11 little I's in this, but the two little I's at the  
12 bottom of the first full paragraph of section 3.

13 A. I believe that's accurate, yes.

14 Q. Okay. Does that not concern you about whether  
15 Barclays is properly incentivized to try to sell down  
16 the loan when they can hold it for 90 days and the  
17 interest rate will jump to 6.5 percent?

18 A. This form of market flex provision is common and this  
19 particular concept with regards to pricing and holding  
20 a portion is one that's encountered in all market flex  
21 situations. We will certainly know if we're in that  
22 position that it was, true to our understanding, an  
23 absolute waste of time to go out with the concept of  
24 an uncollateralized facility and we may certainly have  
25 that concern more now that everybody was very  
135: 1 effective in publishing what the flex provisions are.  
2 However, the City is going to have an ongoing  
3 relationship with Barclays as a lender, as many  
4 issuers do with their lenders, and Barclays has  
5 reputational concerns and sort of a pressure upon it  
6 reputationally to achieve the best for its clients

## Objectors' Designations From December 5, 2013 Deposition of James Doak

7 consistent with all market flex situations, and so we  
8 recognize that there's some -- there's some balance  
9 there.

10 Q. What does the City plan to do to be sure that Barclays  
11 is acting on good faith to achieve a successful  
12 syndication?

13 A. Well, the provisions of the various agreements that  
14 the City has prepared with Barclays obligate the City  
15 to act in its best interest to cooperate with Barclays  
16 as much as possible to facilitate a successful  
17 syndication that will most likely involve during that  
18 syndication time frame assisting in preparation of  
19 marketing documents associated with syndication and  
20 perhaps visits to rating agencies. It is also quite  
21 typical in these situations for a syndicator to  
22 provide and an issuer to receive iterative feedback on  
23 the state of the syndication and the demand that the  
24 syndicator is receiving in its order book, and it's  
25 quite normal for the issuer to monitor closely and  
136: 1 press as much as they can the importance of achieving  
2 the lowest cost and work the syndicator to see if  
3 anything can be done.

4 Q. So you say all of that's typical of an issuer. Is the  
5 City going to do all of that?

6 A. It is -- I don't -- we -- I think Miller Buckfire, as  
7 investment banker to the City, will assist the City to  
8 the best of our ability to do all of those things.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

9 Q. Do you know -- know is the wrong word. Do you have a  
10 view on the likelihood that Barclays, in this market,  
11 will be able to achieve the successful syndication at  
12 3.5 percent?

13 A. Yes, I have a view.

14 Q. What is the -- what is that view?

15 A. My view is that -- Barclays' ability to complete a  
16 successful syndication is relatively less likely than  
17 in the environment where the market flex was not  
18 published.

19 Q. Do you have a view at this point as to what the likely  
20 interest rate would be to achieve successful  
21 syndication by Barclays?

22 A. No.

23 Q. But you think the 3.5 percent is at risk for, among  
24 other reasons, because of disclosure of the fee  
25 letter?

137: 1 A. Yes.

**Pg: 137 Ln: 2 - Pg: 138 Ln: 3**

**Designation:**

137: 2 Q. Prior to its disclosure generally, was the fee letter  
3 disclosed to City Council?

4 A. I don't believe the fee letter was disclosed to City  
5 Council.

6 Q. In connection with providing information to the City

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

7 Council to assist it in its deliberation regarding the  
8 DIP financing proposal, was the substance of the  
9 market flex provision shared with them?

10 A. I don't believe the substance of the market flex  
11 provision was shared with them. The observation or  
12 fact that there was market flex was discussed with  
13 them.

14 Q. But the -- the parameters of that market flex was not  
15 shared with them; is that correct?

16 A. That's correct.

17 Q. Would you agree with me that pricing with respect to a  
18 \$350 million loan is an important factor in evaluating  
19 that loan?

20 A. Yes.

21 Q. Would you agree with me that the pricing of a \$350  
22 million loan is important information with respect to  
23 attempting to determine whether there is an  
24 alternative available or appropriate in connection  
25 with the \$350 million loan?

138: 1 A. I think one can determine whether there is an  
2 alternative with the amount of information that was  
3 provided to the council.

**Pg: 138 Ln: 25 - Pg: 139 Ln: 20**

**Designation:**

138:25 Q. Well, let me ask you this. When you laid out, for

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

139: 1           purposes of comparison, the various proposals that  
2           were received, one of the line items for that purpose  
3           was interest rate, correct?  
4    A.    That's correct.  
5    Q.    So obviously interest rate is a factor in determining  
6           the attractiveness of a particular loan, correct?  
7    A.    That's correct.  
8    Q.    And on \$350 million, the difference between interest  
9           at 3 and 1/2 percent and interest at 6 and 1/2 percent  
10          is a significant amount of money, is it not?  
11   A.    It is -- they're materially -- it's not the same  
12          number.  
13   Q.    And it's materially different, correct?  
14   A.    The amount of -- the amount of interest would be  
15          different, yes.  
16   Q.    Very different, correct?  
17   A.    The amount's different.  
18   Q.    Almost twice as much?  
19   A.    The amount of interest that would be paid on an annual  
20          basis is almost twice as much.

**Pg: 141 Ln: 3 - 25**

**Designation:**

141: 3    Q.    If you were my investment banker, Mr. Doak, and I came  
4           to you with a \$350 million facility and -- which had a  
5           market flex provision but I didn't disclose to you

## Objectors' Designations From December 5, 2013 Deposition of James Doak

- 6           what the market flex provision was and I said to you  
7           go out and get me a better deal, how would you be able  
8           to do that if you didn't know what the market flex  
9           provisions were?
- 10   A.    I think it would be -- wait.  We're the guys who got  
11           the deal or we're the guys who got to go get the deal?
- 12   Q.    You're the guys that have to go out and do better than  
13           the deal I just handed you, which is for \$350 million  
14           with a nominal interest of 3.5 percent but a market  
15           flex provision that I don't tell you what it is, and I  
16           say go get me a better deal.  How would you be able to  
17           do that?
- 18   A.    Well, I -- frankly, one would -- one would begin a  
19           process by -- by soliciting for proposals, you know,  
20           at or better or near the stated proposal.
- 21   Q.    How would that -- how would you possibly know based  
22           only on nominal interest rates whether you had found a  
23           better deal or not if there was a market flex  
24           provision in there that might kick the rate up almost  
25           double, but you don't know about it?

**Pg: 142 Ln: 2 - 13**

### **Designation:**

142: 2                           THE WITNESS:  That -- you've -- you changed  
3           the question.  You're asking how we're going to go  
4           beat it and the point of the matter is you have -- we

## Objectors' Designations From December 5, 2013 Deposition of James Doak

5           have sufficient terms to go to the market and look for  
6           a proposal that has pricing at or better or around the  
7           proposal as it stands. And then, if we find something  
8           that is better, well, then we found something that's  
9           better. If we found something that's at without flex,  
10          then we found something that's at without flex.

11                         If we found something that is near or  
12          something that we feel is approximate to near, then we  
13          have to engage in a further dialogue.

**Pg: 142 Ln: 15 - 20**

### **Designation:**

142:15    Q.    You're using a very narrow definition of better here,  
16           Mr. Doak. I'm not asking you whether you would be  
17           able to go out and try to find a proposal that was  
18           better than the nominal rate. I'm asking how you  
19           would go out and know that you were finding a proposal  
20           better than what was likely to be the effective rate.

**Pg: 143 Ln: 15 - Pg: 144 Ln: 1**

### **Designation:**

143:15    BY MR. MARRIOTT:  
16           Q.    How would you know -- so you're presented a proposal  
17           for \$350 million with a nominal rate of 3 and 1/2  
18           percent and a market flex the terms of which you don't

## Objectors' Designations From December 5, 2013 Deposition of James Doak

19 know. So you don't know what the actual rate of  
20 interest on the loan will be. Under those  
21 circumstances, how would you know whether you had  
22 found something better?

23 A. Well, you would need to source something proximate and  
24 then bring it to the parties that do know and engage  
25 in a dialogue as to whether the competing proposal was  
144: 1 competitive.

**Pg: 145 Ln: 11 - 22**

### Designation:

145:11 Q. No. I'm asking you for you to know, you to know  
12 whether the proposal you have found is better than the  
13 proposal you were handed, for you to know that or for  
14 anyone to know it, that anyone, be it you or someone  
15 else, would have to know what the market flex  
16 provisions are, correct?

17 A. Well, someone has to know them. It doesn't have to be  
18 me. It can be -- it could be -- it could be a judge.  
19 It could be another decision maker. It could be -- it  
20 could be any -- you know, it doesn't necessarily have  
21 to be me, a party in interest, or me, the party in  
22 interest's banker.

**Pg: 145 Ln: 25 - Pg: 146 Ln: 10**



## Objectors' Designations From December 5, 2013 Deposition of James Doak

**Designation:**

- 145:25 Q. Let's take a look at Doak 7, page 152 of 264. I'm  
146: 1 looking at 6(h), which is -- and section 6 is  
2 representations of the City. Do you see where I am?  
3 A. Yes.  
4 Q. It says all legislation necessary to fulfill the terms  
5 and conditions of and carry out the transactions  
6 contemplated by this bond purchase agreement and the  
7 ST bond documents is in full force and effect. Do you  
8 see that?  
9 A. Yes.  
10 Q. Can the City make that representation as of today?

**Pg: 146 Ln: 14**

**Designation:**

146:14 THE WITNESS: I don't know.

**Pg: 146 Ln: 16 - Pg: 148 Ln: 14**

**Designation:**

- 146:16 Q. Do you have an understanding of what governmental  
17 action, either by ordinance, regulation, or  
18 legislation is necessary for the City to perform its  
19 obligations and grant its collateral under the DIP  
20 facility?  
21 A. Yes.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

22 Q. Okay. What's necessary for that to happen?

23 A. There are a six-page closing checklist full of things

24 that need to occur for the closing of the financing.

25 Two particular ones that I believe need to happen are,

147: 1 one, relevant ordinances need to be put into effect in

2 regards to how the related revenue streams are

3 channelled into the appropriate bank accounts, and

4 another very important thing that needs to occur

5 before closing is an emergency loan board order

6 authorizing the financing.

7 Q. Do you know the status of the deliberations of the

8 emergency loan board?

9 A. I know the financing is -- has been put before the

10 emergency loan board. I am not aware of the state of

11 deliberations.

12 Q. Are you aware of a deadline by which they're required

13 to act?

14 A. I believe they do have a deadline. I think it may be

15 60 days from when they're presented with the package.

16 Q. Okay. And I believe that was November 6th?

17 A. Yes.

18 Q. Okay. The relevant ordinances vectoring the revenue

19 streams into particular accounts, are these ordinances

20 that require action by the City Council or is this

21 something the emergency manager is empowered to do on

22 his own?

23 A. My understanding is that that is an ordinance that the

## Objectors' Designations From December 5, 2013 Deposition of James Doak

24 emergency manager is empowered to do.

25 Q. Are there any -- is Barclays' requesting any  
148: 1 ordinances or legislation with respect to the grant of  
2 a lien on the wage earning revenues?

3 A. I -- I don't recall whether they are requiring any  
4 additional ordinances. At this point, no one is  
5 requesting any additional legislation as in state  
6 legislation.

7 Q. Is the same -- is your answer the same with respect to  
8 the proposed lien on the income tax?

9 A. Yes.

10 Q. So as far as you know, other than ordinances, the  
11 ordinances regarding revenue streams and the order  
12 from the emergency loan board, no other governmental  
13 action is required in order for the City to consummate  
14 the transactions contemplated by the DIP financing?

**Pg: 148 Ln: 18 - 19**

**Designation:**

148:18 THE WITNESS: I believe that statement's  
19 accurate.

**Pg: 148 Ln: 25 - Pg: 150 Ln: 18**

**Designation:**

148:25 Q. Okay. Speaking of the bank account, as I understand

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

- 149: 1           it, an account will be established for the wage  
2           earning tax revenues and an account will be  
3           established for the income tax revenues into which  
4           those funds will be deposited, correct?
- 5    A.   Generally correct.  I believe we may use a preexisting  
6           but currently unutilized account for the gaming tax  
7           revenues.
- 8    Q.   Okay.  But there will be dedicated segregated accounts  
9           for each revenue stream?
- 10   A.   Yes.  There will be the necessary cash flow provisions  
11          and accounts as required under the loan documents.
- 12   Q.   Okay.  And my understanding is, from the loan  
13          documents, that Barclays is -- has asked for control  
14          agreements over -- with respect to both those  
15          accounts; is that correct?
- 16   A.   I don't know.  I -- it would not surprise me.
- 17   Q.   Okay.  And do you know why they would be asking for  
18          control of that?
- 19   A.   Presumably to allow them to pursue their remedies as  
20          provided by the documentation of the financing should  
21          it ever come to that.
- 22   Q.   Do the swap counterparties have control agreements in  
23          respect to the accounts in which the wage earning  
24          revenues are currently being deposited?
- 25   A.   I don't know.
- 150: 1    Q.   Now, my understanding is that these loans mature,  
2           among other -- among other reasons, they mature upon

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

- 3           effective date of any plan of adjustment; is that  
4           correct?
- 5    A.    Yes.
- 6    Q.    How do you -- how does the City plan on refinancing  
7           the DIP financing at that time?
- 8    A.    The City has not yet made a determination as to how it  
9           will refinance or retire the post-petition facility.
- 10   Q.    It has an agreement with Barclays, though, doesn't it,  
11          regarding sourcing to exit financing?
- 12   A.    Yes, it does.
- 13   Q.    And it will owe Barclays a fee if it determines to  
14          refinance the DIP financing at exit, other than via  
15          Barclays; is that correct?
- 16   A.    I believe that's an accurate interpretation of a --  
17          the engagement letter.
- 18   Q.    Okay.

**Pg: 150 Ln: 22 - Pg: 152 Ln: 6**

**Designation:**

- 150:22   BY MR. MARRIOTT:
- 23    Q.    Okay. Mr. Doak, what's been marked as Doak 13 is the  
24          Barclays' engagement letter for exit financing.
- 25    A.    Was there a question?
- 151: 1   Q.    I just asked am I correct that this exhibit is the  
2          agreement between the City and Barclays for exit  
3          financing.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

4 A. I believe it is.

5 Q. Okay. And so you don't have to guess, if you would  
6 confirm that a fee is owed to Barclays under this  
7 agreement if the City pursues an exit financing  
8 strategy that does not include Barclays. If it's any  
9 help, look at page 6, subsection 6(c).

10 A. Yes, but I think you -- why don't you rephrase the  
11 question.

12 Q. Do I correctly interpret 6(c) to entitle Barclays to a  
13 fee in the event that the City pursues Ernst & Young  
14 on a basis outside of this agreement with Barclays?

15 A. No. You have to -- you're using the wrong word.

16 Q. Help me out.

17 A. You're using pursuing when you should be using  
18 closing.

19 Q. But with the substitute of closing for pursuing, am I  
20 accurately understanding what this provision says?

21 A. If the City closes on an alternative financing, then,  
22 at that time, Barclays would be owed a fee equal to  
23 3/4 of a percent of the aggregate outstanding amount  
24 of its facility immediately prior to the exit time,  
25 which will be made and paid from the proceeds of the  
152: 1 alternative financing. So the alternative financing  
2 has to close and fund.

3 Q. And there is no principal amortization of the DIP  
4 facility with Barclays, is there?

5 A. There is no scheduled amortization of the Barclays'

## Objectors' Designations From December 5, 2013 Deposition of James Doak

6 facility in advance of maturity.

**Pg: 152 Ln: 7 - Pg: 154 Ln: 8**

### Designation:

152: 7 Q. Okay. Now, you indicated in answer to my earlier  
8 question that the City does not know what it wants to  
9 do regarding alternative -- or exit financing or  
10 refinancing of the DIP facility. Why would the City  
11 commit itself to Barclays in this fashion? What was  
12 the thinking?

13 A. The -- among other reasons, the City felt that the  
14 opportunity to continue its relationship with Barclays  
15 beyond the lender/borrower relationship and focus on  
16 whatever was next in addition to or having the  
17 Barclays at hand to discuss concepts such as the DWSD  
18 transaction made incorporating this letter into the  
19 overall decision at the moment a prudent one.

20 Q. Did Barclays make the City's entry into this  
21 engagement letter for exit financing a condition of  
22 committing to the DIP facility?

23 A. It was part of their overall proposal.

24 Q. Does that mean it was a condition?

25 A. I do not believe they would have an executed a  
153: 1 commitment letter unless we were in a position to  
2 execute the engagement letter.

3 Q. The City Council declined to approve the proposed DIP

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

4 financing, correct?

5 A. That's correct.

6 Q. Give your understanding of the reason behind their  
7 refusal to approve it.

8 A. The council published a resolution with regards to  
9 their decision to not approve the financing, which  
10 would be the -- the best summarization, I guess, we  
11 could refer to. Absent that, we would be speculating  
12 as to their mindset.

13 Q. Other than that resolution, did the City -- City  
14 Council have any discussions with the emergency  
15 manager or any of his professionals regarding their  
16 reasons?

17 A. I don't know.

18 Q. Okay. No discussions were had with you; is that  
19 correct? Nobody from City Council picked up the phone  
20 and called you?

21 A. Yeah, no one from City Council picked up the phone and  
22 called me.

23 Q. And I just want to go back and briefly cover what  
24 communication was had with City Council leading up to  
25 the DIP facility. And as I understand it, there were  
154: 1 two packages delivered to them, the one -- the October  
2 7th, and the other, the October 17th, correct? Those  
3 are Doak --

4 A. There were two materials prepared by Miller Buckfire.

5 Q. Right. That's my question. Were any others prepared



## Objectors' Designations From December 5, 2013 Deposition of James Doak

6           by Miller Buckfire?

7    A.    No.

8    Q.    Are you aware of any?

**Pg: 154 Ln: 12**

**Designation:**

154:12                           THE WITNESS:   Yes.

**Pg: 154 Ln: 13 - 22**

**Designation:**

154:13   BY MR. MARRIOTT:

14    Q.    Okay.   What?

15    A.    Well, there was a package that was formally delivered  
16           by the emergency manager's office to the City Council  
17           saying here's the financing that we -- you know, that  
18           we approved.   Please begin your deliberation process  
19           under 436.

20    Q.    Okay.   You indicated that you had met with all six  
21           individual City Council members to discuss the loan or  
22           the potential loan with them, correct?

**Pg: 155 Ln: 2 - Pg: 156 Ln: 5**

**Designation:**

155: 2                           THE WITNESS:   There were two Miller

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

3           Buckfire presentations.  There was the package that  
4           was delivered to council to have them begin their  
5           deliberation process, and council and council's  
6           staff --

7  BY MR. MARRIOTT:

8  Q.    If I could just ask you, when you say there was a  
9           package delivered to them to begin the deliberation  
10          process, was that Doak 3 or Doak 4 you're referring  
11          to?

12  A.    That's Doak none of the above.  That's the official  
13          package.

14  Q.    Oh, this is the one from the emergency manager?

15  A.    Right, yes.

16  Q.    Okay.

17  A.    And there was also a -- an electronic document that  
18          was provided by Jones Day to council where some of the  
19          elements of that document were pro -- were -- Miller  
20          Buckfire contributed to elements of that document.

21  Q.    There was a document provided by Jones Day to City  
22          Council, which included input by Miller Buckfire?

23  A.    That's correct.

24  Q.    This is separate from the emergency manager's package;  
25          is that right?

156: 1  A.    That's correct.

2    Q.    Okay.  Do you know about when that package was  
3          provided to City Council?

4    A.    That document would have gone to City Council on

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

5           October 20th or 21st.

**Pg: 156 Ln: 11 - Pg: 157 Ln: 22**

**Designation:**

156:11   BY MR. MARRIOTT:

12   Q.   If you could look at Doak 4 for a moment.  My  
13       understanding is that this document was provided to  
14       City Council before the City had selected Barclays as  
15       the provider of DIP financing, correct?

16   A.   Don't mean to be cagey, but you've got to be very  
17       specific about -- I think by the time we were going --  
18       by the time I was going individually --

19   Q.   Yes?

20   A.   -- to members of City Council, we pretty much knew who  
21       we were going to choose, okay, and we were going  
22       through the process.

23               As you can see from the dates, you've got a  
24       date of the 6th and a date of the 7th, but we still  
25       had to go through the process of -- of covering off

157: 1       with various sort of decision makers to make the  
2       commitment letter effective, which included the  
3       payment of the commitment fee.

4   Q.   Okay.  But Doak 4 is the package that was used by you  
5       in connection with your individual meetings with  
6       members of the City Council?

7   A.   Yes.

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

8 Q. Okay. And did any of them react to the terms of the  
9 proposed financing in those one-on-one meetings with  
10 you?

11 A. Yes.

12 Q. Can you characterize those reactions?

13 A. There are six individual members of the City Council  
14 and they -- they're all, to the best of my  
15 understanding or to the best of my understanding at  
16 the time, they were all very hospitable and  
17 deliberative and genteel in regards to listening to  
18 the materials that we presented. They all -- each has  
19 their own particular mindset in regards to everything  
20 from the emergency manager and the bankruptcy to the  
21 ethical and moral character of about everybody in this  
22 room except for Jerry.

**Pg: 158 Ln: 2 - 17**

### **Designation:**

158: 2 BY MR. MARRIOTT:

3 Q. Let me ask you this question. When City Council  
4 ultimately rejected the Barclays' DIP financing  
5 proposal, were you surprised?

6 A. I was -- I was disappointed but not surprised because  
7 I knew that that would be a very real possibility  
8 given the overall environment.

9 Q. And was that expectation reinforced by your meetings

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

10           with the individual City Council members?

11    A.    What expectation?

12    Q.    You indicated that you were disappointed but I think

13           not surprised by the actions City Council took.  I

14           guess what I'm asking you is whether your lack of

15           surprise resulted from the meetings you had with them

16           or whether you suspected even before those meetings

17           that the City Council would not approve a loan.

**Pg: 158 Ln: 20 - Pg: 161 Ln: 18**

### **Designation:**

158:20                           THE WITNESS:  There's a lot of embedded

21           questions in there.  I mean, the meeting -- as I said,

22           meetings were very hospitable.  In my opinion, people

23           listened and understood the underlying logic.  There's

24           a -- a fair amount of -- of concern at the council

25           level and at the individual council member's level in

159: 1           regards to this transaction and as well as the

2           precedent transactions that beget this one, and many

3           of their concerns were, I think, accurately reflected

4           in the elements of the ordinance that they passed.

5    BY MR. MARRIOTT:

6    Q.    You mean the resolution that they passed?

7    A.    Sorry.  The resolution that they passed, yes.

8    Q.    Doak 3, the October 17th submission, my understanding

9           is this -- these briefing materials were prepared for

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

10           the meeting at which the City Council decided on its  
11           position with respect to the Barclays' financing; is  
12           that right?

13   A.   No.  These materials were prepared for a briefing of  
14           City Council in closed session in regards to the  
15           financing.

16   Q.   Okay.

17   A.   I don't know if they wanted to make the decision at  
18           that point.  I don't know if they made the decision at  
19           that point.  We were not present for the entire  
20           session, and that's all I know.

21   Q.   Okay.  So you made a presentation in this closed  
22           session, then you exited and the next thing you knew,  
23           when the ordinance -- or when the resolution was  
24           passed?

25   A.   Well, their -- Jones Day provided, as I said, a  
160: 1           follow-up piece of material.

2   Q.   So the Jones Day material was after Doak 3?

3   A.   That's right.

4   Q.   Did you have any contact with City Council or its  
5           members after the October 17th closed session?

6   A.   Yes.

7   Q.   Okay.  And what was the nature of that content?

8   A.   I presume you mean with regards to deliberation on the  
9           financing --

10   Q.   I do.

11   A.   -- because I still see them.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

12 Q. I do, with respect to the DIP financing.

13 A. Yeah. With regards to the DIP financing, I had a  
14 conversation with Erv Corley, who is a financial  
15 analyst or has, you know, financial analytical  
16 responsibilities as part of the staff of council.

17 Q. How long after the October 17th closed session did you  
18 have that conversation?

19 A. That conversation was on the 25th.

20 Q. And what was the substance of that conversation?

21 A. That conversation was in regards to a -- a document  
22 that was provided to council by Syncora and Syncora's  
23 investment banker.

24 Q. Was -- I'm sorry. Erv Crowley did you say?

25 A. Corley.

161: 1 Q. Corley?

2 A. C-o-r-l-e-y.

3 Q. Was he describing to you the substance of what had  
4 been submitted to City Council by Syncora or merely  
5 telling you that they provided something?

6 A. I -- the document had already been forwarded to me via  
7 Erv and perhaps via Sonya Maze, senior advisor to the  
8 senior manager.

9 Q. And did Mr. Corley ask you to take any action with  
10 respect to the Syncora materials?

11 A. No.

12 Q. After that conversation with respect to the DIP  
13 financing, did you have discussions with City Council

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

14           or any of its members or any of its advisors prior to  
15           the resolution rejecting the Barclays' financing?

16    A.    No.

17    Q.    So that was the last one?

18    A.    Yes.

**Pg: 162 Ln: 12 - Pg: 166 Ln: 12**

**Designation:**

162:12   Q.    Mr. Doak, good afternoon.

13    A.    Good afternoon.

14    Q.    My name is Steve Hackney. I represent Syncora in the  
15           City of Detroit's bankruptcy case. Could you take a  
16           look at Doak Exhibit 5 for me, at the second page of  
17           that exhibit? Do you have that in front of you, sir?

18    A.    Yes, I do.

19    Q.    Before I ask you questions about this exhibit, let me  
20           ask you a preparatory question, which is do you  
21           understand that it's common in the course of retaining  
22           a financing proposal that the prospective lenders want  
23           to do what's called due diligence with respect to the  
24           borrower?

25    A.    Yes.

163: 1   Q.    And the process of due diligence involves the process  
2           of obtaining information about the borrower, correct?

3    A.    That's correct.

4    Q.    And in connection with the post-petition financing,



**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

5 the prospective lenders also were given access to due  
6 diligence materials; isn't that correct?

7 A. That is correct.

8 Q. I'm going to ask you some questions that are aimed at  
9 understanding what due diligence materials they were  
10 given access to. Do you see on the second page of  
11 Exhibit 5 that in the table there, there is a column  
12 that says data room at the top of the column and some  
13 of the prospective lenders have checkmarks next to  
14 their name and some don't and some have not  
15 applicable?

16 A. Yes.

17 Q. Is that data room the same data room that has been  
18 made available to the creditors in this case?

19 A. Yes.

20 Q. Do you know whether additional due diligence  
21 information was given to prospective lenders above and  
22 beyond the data room that's been made available to the  
23 creditors?

24 A. There is -- there is not a second data room or a  
25 portion of the data room that is accessed only by the  
164: 1 prospective lenders.

2 Q. Okay. That's a fair answer to the question. I guess  
3 I want to close you out, though, and say was there any  
4 additional information that was provided to  
5 prospective lenders that -- as part of due diligence,  
6 that has not been provided to the creditors in these

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

7 cases?

8 A. Yes.

9 Q. What type of information was that?

10 A. We had -- we had, you know, ongoing dialogues with  
11 regards to the structure and strategy of the  
12 post-petition financing itself that we wouldn't  
13 necessarily have or necessarily replicate with the --  
14 with the creditors.

15 Q. And when you say ongoing dialogue with respect to the  
16 post-petition financing itself, do you mean analytical  
17 relating to the post-petition financing or are you  
18 referring to the negotiations of the terms of the post  
19 petition?

20 A. Well, more the negotiations of the terms and how we  
21 came up with the overall structure. I mean, they  
22 were -- they were -- they were asking questions about,  
23 you know, how the -- what they could get in the  
24 financing and what they couldn't get in the financing  
25 and how we would feel about certain provisions of the  
165: 1 financing.

2 Q. Okay.

3 A. I think if we -- I think -- I think, to some extent,  
4 some of those topics, you know, there's no intent to  
5 not have those discussions with the creditors. It's  
6 just these were lenders asking questions about  
7 extending credit, so they had all sorts of ranges of  
8 questions.

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

9 Q. I think I understand that question [sic]. So, for  
10 example, are you saying that it's possible  
11 Mr. Buckfire may have said something to a prospective  
12 lender that constituted information about the borrower  
13 that that specific statement by Mr. Buckfire may not  
14 have been made available to creditors; is that an  
15 example of what we're talking about?

16 A. That would be an example. However, it would be  
17 unlikely that Mr. Buckfire would have been in that  
18 position.

19 Q. Let me try to cut to what I'm trying to ask about,  
20 which is I'm trying to ask about what I think any  
21 industry professional would consider to be due  
22 diligence materials, and I'd like to focus my question  
23 on written materials. So were additional written due  
24 diligence materials provided to prospective lenders  
25 that have not been provided to the creditors in these  
166: 1 cases?

2 A. No. No. To the extent we were going to provide  
3 anything to a -- a potential provider of financing, it  
4 was pretty clear that we were going to end up putting  
5 in into the data room so all the creditors could see  
6 it at the same time, amongst other reasons, because so  
7 many of the creditors were thinking about the  
8 financing, right? And then we were able to answer  
9 most of the questions, if not all the questions,  
10 that potential financing providers had based on the,

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

11           you know, copious and ever growing amount of materials  
12           that are in the data room that the creditors have.

**Pg: 166 Ln: 14 - Pg: 167 Ln: 2**

**Designation:**

166:14                           Do you remember that you testified earlier  
15           that Mr. Marken, Sanjay Marken did certain cash flow  
16           modeling that was at least preliminary independent of  
17           the cash flow modeling that was done by Ernst & Young;  
18           do you remember that subject matter of your testimony?

19   A.   Yes.

20   Q.   Do you know if his cash flow modeling has been  
21           produced as part of the DIP objection process?

22   A.   I don't know.

23                           MR. HACKNEY: Okay. And that's something I  
24           would say I think is fairly within what we expected  
25           would be produced. Whether you agree with that or  
167: 1           not, please consider this a request for that  
2           production.

**Pg: 168 Ln: 3 - Pg: 170 Ln: 4**

**Designation:**

168: 3   Q.   You and Mr. Marriott had a colloquy about the impact  
4           of the DIP loan on creditor recoveries. Do you recall  
5           that line of questioning?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

6 A. Yes.

7 Q. At one point in that line of questioning, you said  
8 something to the effect of -- and I may not get this  
9 verbatim, so listen to the spirit of the words and see  
10 if it refreshes your recollection about your  
11 testimony. You said something like I haven't seen a  
12 side-by-side comparison. Do you remember that  
13 testimony?

14 A. I think so.

15 Q. I think, if I recall, he was asking you about the  
16 impact on creditor recoveries with the DIP loan versus  
17 creditor recoveries without the DIP loan, and we had a  
18 relatively lengthy colloquy on that, but at the  
19 beginning, I thought you said that you had not seen a  
20 side-by-side comparison?

21 A. Right.

22 Q. What did you mean by that?

23 A. We don't -- the City does not have a set of  
24 projections that contemplates not spending the -- on  
25 the operational revitalization initiatives, and one of  
169: 1 the outputs of those -- of that -- of the current  
2 provision, as well as any other projection, would  
3 be -- would be that line of, okay, what are the  
4 residual cash flows in this particular proposal. And  
5 so my comment was one -- was lengthy to the effect  
6 that we have a substantially worse-off City, right,  
7 with more risk of further decline, and as a result,

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

8           less available value for creditor recovery as far as  
9           the organic cash flows of the City, but, you know,  
10          that countercase of a show-me status quo continued  
11          municipal service insolvency for another, you know, X  
12          period, what does that do. You know, we haven't -- I  
13          haven't seen that case run.

14    Q.    And to your knowledge, it has not been run by any of  
15          the professionals to the City, correct?

16    A.    That's correct.

17    Q.    I think this follows from what you said, but I want to  
18          confirm it, which is the -- the ten-year forecasts  
19          that have been run, for example, ten-year forecasts  
20          that were included in the proposal for creditors are  
21          ones that assumed the reinvestment and restructuring  
22          initiatives would be undertaken and have their  
23          attendant positive effect on the City, correct?

24    A.    That's correct.

25    Q.    What has not been run is a ten-year forecast that does  
170: 1       not assume the restructuring and reinvestment  
2       initiatives in order to see what that world looks like  
3       to your knowledge?

4    A.    To my knowledge.

**Pg: 170 Ln: 9 - Pg: 171 Ln: 20**

### **Designation:**

170: 9   In the -- I will find it if you like, but I

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

10 saw a note in the comparison chart that was comparing  
11 the different proposals, that Barclays was also  
12 amenable to doing a swap replacement. Let me know if  
13 you'd like to check that. I could be wrong. Take a  
14 look at Doak Exhibit 5 at Bates stamp 2221.

15 A. Yep. Yes.

16 Q. It's in the middle, down at the bottom.

17 A. Uh-huh.

18 Q. Do you see that?

19 A. Yes.

20 Q. So, Mr. Doak, my first question is did they propose  
21 this additional replacement swap transaction during  
22 this time frame of sourcing the debt? Not did they  
23 propose a transaction. Did they propose the idea that  
24 that could be an alternative during this process?

25 A. Yes. That was part of their -- their submission on  
171: 1 September 16th.

2 Q. So it was here's the \$350 million post-petition  
3 financing and an alternative idea was a swap  
4 replacement plus a smaller note or what did it look  
5 like?

6 A. I think I'd have to -- I'd have to go to it to see  
7 exactly what -- you know, how they phrased it.

8 Q. Okay. That's fine. Do you remember off the top of  
9 your head -- obviously, the swap replacement addresses  
10 issues that relate to the swap. It may not relate --  
11 it doesn't address the other issues that are part of

## Objectors' Designations From December 5, 2013 Deposition of James Doak

12 the financing related to the quality of life note. Do  
13 you remember off the top of your head whether they  
14 proposed to do the quality of life no matter what and  
15 the swap termination note and the swap replacement  
16 were interchangeable to each other?

17 A. I -- I -- I don't recall a -- I don't recall. I  
18 believe they were prepared to structure a replacement  
19 swap and then additional, you know, proceeds from a  
20 loan if required.

**Pg: 172 Ln: 5 - 24**

### **Designation:**

172: 5 Q. Let me ask a similar way. Did you ever learn that  
6 Barclays had previously, back in history before the  
7 cases were filed, proposed a replacement swap to the  
8 City of Detroit?

9 A. Yes. They had presented transaction concepts to the  
10 City prefiling where the -- a replacement swap was one  
11 component of a series of transactions.

12 Q. Do you remember the proximity of that presentation to  
13 the filing date?

14 A. Now, here, the -- I've seen -- I've seen a -- I've  
15 seen presentations that they developed, but I don't  
16 have full knowledge of who they presented them to and  
17 when they presented them exactly. I know that they  
18 presented materials to the treasurer of the state and



## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

19 I know they've presented materials to, you know,  
20 certain Jones Day attorneys.

21 Q. And I agree. It's -- since you weren't there, you  
22 can't personally know when it actually happened. Can  
23 you tell me your understanding of when it happened?

24 A. Late 2012 and early 2013.

**Pg: 173 Ln: 14 - 24**

### **Designation:**

173:14 Q. Okay. Irrespective of who the idea was proposed to,  
15 I'm talking about a proposal relating to the swaps in  
16 this case being replaced. And by a proposal, I mean  
17 something that had enough numbers in it that you could  
18 actually theoretically compare it to the existing swap  
19 and decide whether it was something that you wanted to  
20 advance, because we know that it didn't, obviously  
21 akin to the Barclays' proposal we were just  
22 discussing.

23 A. I've seen -- I'm not aware of any other institution  
24 that produced materials like what I saw from Barclays.

**Pg: 174 Ln: 17 - Pg: 175 Ln: 22**

### **Designation:**

174:17 Q. Which is, to the extent your testimony is  
18 characterized by lawyers or judges as opinion

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

19 testimony, can I find your opinions in your  
20 declaration?

21 A. You can -- yeah, I think. I mean, I may be asked --  
22 other people may ask me other things, right?

23 Q. Well --

24 A. But these guys probably can't, right? But you guys  
25 can, right?

175: 1 Q. And I want to follow up a little bit. Isn't it true  
2 that Miller Buckfire has not been tasked with  
3 undertaking the operational restructuring of the City?

4 A. That is true. We have not been tasked with that task.

5 Q. And you haven't, correct? You haven't endeavored to  
6 restructure the operations of the City, correct?

7 A. We -- we're providing general restructuring advice to  
8 the City, but that -- and some of that advice relates  
9 to aspects of the operation but we are not operational  
10 restructuring experts. That's not our profession.

11 Q. You're not telling the City how it should restructure  
12 its operations when you advise them, correct? That's  
13 what Conway McKenzie is doing.

14 A. That's correct.

15 Q. Okay.

16 A. We may inform the City in regards to how particular  
17 creditors perceive the -- the issues surrounding  
18 operational restructuring and assist in communications  
19 with them, because that's our area of expertise, but  
20 insofar as providing, you know, primary operational

## Objectors' Designations From December 5, 2013 Deposition of James Doak

21 restructuring advice and execution, that's not our  
22 mandate.

**Pg: 177 Ln: 8 - Pg: 178 Ln: 10**

### **Designation:**

177: 8 Q. You know, what I'm getting at is there's a distinction  
9 working on the Detroit case and being aware of the  
10 problems of Detroit and the fact that there are  
11 challenges, and so on and so forth, and the idea about  
12 how you might fix them. There's also the idea of  
13 being the person who has been tasked with  
14 understanding those problems and specifically coming  
15 up with remedies for those problems in order to fix  
16 them, and I'm trying to confirm that your job duties  
17 have not involved what I just described because that's  
18 Conway McKenzie's job.

19 A. I understand what you're saying. I would -- I would  
20 only suggest that, you know, sometimes in their  
21 responsibilities, investment bankers are tasked with,  
22 required to, and capable of making statements and  
23 judgments in regards to companies' business plans,  
24 while they're not the individuals that are necessarily  
25 the ones that are executing the business plans or have  
178: 1 executed -- or are designing the operational  
2 initiatives on the ground.

3 Q. And have you done that here?

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

- 4 A. Not at -- well, I think your question is in regards to  
5 what am I about to testify to.
- 6 Q. No, I'm asking about what you have done. Have you  
7 checked the work of Conway McKenzie to determine  
8 whether you independently agree with it?
- 9 A. We -- we are not engaged in that -- I have not engaged  
10 in that activity.

**Pg: 178 Ln: 12 - Pg: 179 Ln: 11**

### **Designation:**

- 178:12 Can I ask you to take a look at Doak  
13 Exhibit 6. Mr. Doak -- sorry. We'll come back to  
14 that in a second just given the time.
- 15 A. Okay.
- 16 Q. You were asked a number of questions with respect to  
17 information that was submitted to the City Council by  
18 Mr. Marriott. Do you recall that testimony?
- 19 A. Yes.
- 20 Q. Do you agree that the City -- you are aware that the  
21 City sought to keep the Barclays' fee level  
22 confidential and under seal; isn't that correct?
- 23 A. Yes.
- 24 Q. And the reason the City sought to do that was because  
25 the -- was because Barclays wanted it to, correct?
- 179: 1 A. That's one of the reasons.
- 2 Q. Okay. In addition, it's your understanding that the

## Objectors' Designations From December 5, 2013 Deposition of James Doak

3           reason Barclays wanted its fee level kept confidential  
4           was because it contains commercially sensitive  
5           information, correct?  
6    A.    That's the argument that I heard them make.  
7    Q.    Right.  And the commercially sensitive information  
8           that's in the fee letter as you understand it relates  
9           both to the amount of the market flex and also the  
10          amount of fees that are contained in the fee letter,  
11          correct?

**Pg: 179 Ln: 17 - Pg: 181 Ln: 11**

### **Designation:**

179:17                   THE WITNESS:  It is my understanding that  
18           what they thought is what they argued and they argued  
19           that both the commitment fee amount and also the  
20           particulars of the market flex terminology and other  
21           language were commercially sensitive.

22   BY MR. HACKNEY:

23   Q.    And as an investment banker who's an experienced  
24           individual in the field, do you agree with the view  
25           Barclays expressed that those two types of information  
180: 1           are, in fact, commercially sensitive?

2    A.    I believe they can be, yes.

3    Q.    And did you believe that they were in this case?

4    A.    I believe that it would be helpful to the overall  
5           pricing for the City if the document remained under

## Objectors' Designations From December 5, 2013 Deposition of James Doak

6 seal and the commitment fee and the market flex  
7 provisions were not filed publicly. There was already  
8 some chatter about the commitment fee size, and in the  
9 end of the day, it probably would have been  
10 challenging, considering the various reporting  
11 requirements under the emergency manager law to cloak  
12 the actual commitment fee payments.

13 So it would have been helpful. But of the  
14 two terms, I viewed the market flex as more  
15 commercially sensitive. I viewed the sealing  
16 generally of the fee letter as being also commercially  
17 sensitive, because sometimes what's as important as,  
18 like, what is in the market flex is what's not there,  
19 right, when a syndicator is stepping up to the market  
20 and trying to do whatever it's trying to do.

21 Q. Do you agree that two of the most important aspects of  
22 any potential financing are the fees that are involved  
23 and the interest rate?

24 A. Those are -- those are two very important aspects of  
25 evaluating the economics of the financing.

181: 1 Q. And I don't know. Just to streamline it, do you  
2 recall there was some testimony at the motion to seal  
3 hearing about how different lenders have different  
4 strategies and may put more into the interest rate  
5 versus more into the fee?

6 A. Sure.

7 Q. And so that's part of what you're evaluating when

## Objectors' Designations From December 5, 2013 Deposition of James Doak

8           you're looking at the economics of the different  
9           proposals that are made, correct?  
10    A.    That is correct.  Those are important economic  
11           elements when comparing proposals.

**Pg: 182 Ln: 4 - Pg: 183 Ln: 3**

### **Designation:**

182: 4   Q.   Do you understand that it is -- when it comes to  
5           sourcing financing, it is customary for investment  
6           bankers such as yourself to provide confidentiality  
7           agreements that allow the prospective lenders to know  
8           that certain aspects of their offers won't be shared  
9           with others?  
10    A.    That's normally an element and an expectation --  
11           that's normally an element of -- of letters and it's  
12           frequently an expectation of individuals who are  
13           proposing financing and it's important when it can be  
14           achieved in the context of the individuals firms  
15           soliciting financing so as to achieve the best overall  
16           results.  
17    Q.    Right.  Because you're trying to get the best deal for  
18           your client.  As the person that's sourcing the loan,  
19           you think about what the prospective lenders might  
20           want as you structure the process, right?  
21    A.    That's correct.  
22    Q.    And you know one of the things that they want is they

## **Objectors' Designations From December 5, 2013 Deposition of James Doak**

23           don't want their specific economic terms shared with  
24           the other prospective lenders, correct?  
25    A.    Yes.  At various states in the -- yeah, at most stages  
183: 1       in the process, everybody wants their bid to remain --  
          2       everybody wants their bid to remain competitive --  
          3       confidential.

**Pg: 183 Ln: 10 - Pg: 184 Ln: 8**

### **Designation:**

183:10   BY MR. ASHLEY:

11    Q.    Good evening, Mr. Doak.  My name is Marc Ashley from  
12           Chadbourne & Parke.  We represent Assured Guarantee  
13           Municipal Corp. in these proceedings.  I'm hoping to  
14           address some fairly circumscribed areas and to get  
15           through it fairly quickly.

16                        Are you familiar with the City's unlimited  
17           tax general obligation bonds?

18    A.    Yes.

19    Q.    If I refer to them in shorthand as the unlimited tax  
20           bonds, would that be okay?

21    A.    Sure.

22    Q.    Okay.  Are you also familiar with the ad velorum taxes  
23           that the City levied to repay those unlimited tax  
24           bonds?

25    A.    Yes.

184: 1    Q.    Those ad velorum taxes are not part of the collateral



## Objectors' Designations From December 5, 2013 Deposition of James Doak

- 2 pool for the proposed DIP financing, are they?
- 3 A. They are -- no, they're not part of the collateral  
4 provisions in the post-petition financing.
- 5 Q. Okay. Are you aware of any discussions with Barclays  
6 about those ad velorum taxes being included within the  
7 collateral for the financing?
- 8 A. I'm not aware of any dialogue on that front.

**Pg: 184 Ln: 9 - Pg: 185 Ln: 2**

### **Designation:**

- 184: 9 Q. The -- this may have been touched on previously, but  
10 one of the terms of the proposed financing is that the  
11 DIP loans, those bonds will have super priority claim  
12 status with respect to all pre-petition unsecured  
13 claims; is that correct?
- 14 A. I believe that's accurate.
- 15 Q. Did Barclays ever specifically request super priority  
16 claim status with respect to the ad velorum taxes that  
17 relate to the unlimited tax bonds?
- 18 A. I cannot recall them doing that in a -- with -- I  
19 can't recall them ever doing that.
- 20 Q. Okay. Do you recall that ever coming up in discussion  
21 with them?
- 22 A. I can't recall that coming up in a discussion.
- 23 Q. In your view, could the City have secured the proposed  
24 financing if those ad velorum taxes were excluded --

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

25 or, I'm sorry -- if the unlimited tax bondholder  
185: 1 claims were excluded from the super priority claim  
2 status provision?

**Pg: 185 Ln: 6 - 10**

**Designation:**

185: 6 THE WITNESS: I don't have a view on that.  
7 BY MR. ASHLEY:  
8 Q. Do you have a view as to whether Barclays would have  
9 provided the proposed financing if that exclusion were  
10 part of the supper priority provision?

**Pg: 185 Ln: 13 - 14**

**Designation:**

185:13 THE WITNESS: No, I don't have a view on  
14 that.

**Pg: 185 Ln: 15 - Pg: 186 Ln: 14**

**Designation:**

185:15 BY MR. ASHLEY:  
16 Q. We also touched on earlier in your testimony the issue  
17 of exit financing. What are generally the City's  
18 expectations about securing exit financing?  
19 A. At this point, the City's forecast is -- has a very

## Objectors' Designations From December 5, 2013 Deposition of James Doak

20 conservative assumption that the financing is retired  
21 at the default terms with the higher interest rate and  
22 the default provisions in regards to amortization.  
23 The -- I think there is a -- I would believe there  
24 will be an opportunity to achieve substantially better  
25 terms for the City in regards to a lower interest rate  
186: 1 and/or extended amortization but that will depend on  
2 the City's overall capitalization post restructuring.  
3 Q. So in your view, what impact does the proposed DIP  
4 financing have on the City's prospects to secure exit  
5 financing?  
6 A. In -- amongst other impacts, it does -- it does  
7 potentially have some positive impacts on the City's  
8 ability to obtain financing upon emergence, including  
9 maintaining access in the capital markets and also  
10 maintaining a position in front of the rating agencies  
11 on a -- sort of on a pro forma basis. The opportunity  
12 to refinance under Home Rule Act 36(a) has been out  
13 there to finance on a secured basis. I would -- I  
14 think that's some of the point of interest.

**Pg: 186 Ln: 17 - Pg: 188 Ln: 5**

### Designation:

186:17 BY MS. MONTESANO:

18 Q. Hi. My name is Leah Montesano. I represent Ambac  
19 Corporation, and I as well think that I have just a

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

20           few discrete questions and I will probably be able to  
21           go fairly quickly.

22                         Mr. Doak, if the post-petition financing is  
23           approved, is my understanding correct that the City  
24           will receive the proceeds as a part of one-lump sum?

25   A.   Yes, that's correct.

187: 1   Q.   Both the swap termination aspect will be one-lump sum  
2           and the quality of life portion will be one-lump sum,  
3           right?

4   A.   That's correct.

5   Q.   Okay. And the swap portion of the loan will then  
6           shortly be -- thereafter be paid as part of the swap  
7           termination fee; is that --

8   A.   Well, pretty much instantaneously or else we, you  
9           know, have an issue kind of. That's --

10   Q.   Okay. What is your understanding of what will happen  
11           to the remainder of those funds, the aspect that is  
12           the quality of life note, what will happen to that  
13           lump sum?

14   A.   That will be deposited in the City's general fund.

15   Q.   And do you have an understanding of how the City plans  
16           to use those proceeds?

17   A.   Yes.

18   Q.   And what is that understanding?

19   A.   My understanding of how the City will, in effect, use  
20           its -- I have an understanding in regards to how the  
21           City will use its liquidity and cash that's in the

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

22           general fund, and my understanding is that it will use  
23           it consistent with the DIP cash flow forecast and the  
24           schedules provided by Conway McKenzie to the City and  
25           the other advisors in regards to particular  
188: 1       operational initiatives and revitalization  
2           initiatives.  
3    Q.    So as part of the general funds, is it fair to say  
4           that those quality of life proceeds are not earmarked  
5           for any particular purpose?

**Pg: 188 Ln: 8 - 12**

**Designation:**

188: 8                   THE WITNESS:  They will -- the proceeds  
9           will not be placed, to the best of my knowledge, in a  
10          segregated account and the spending that will occur,  
11          as I understand it, is not going to be from a  
12          segregated account.

**Pg: 188 Ln: 13 - 20**

**Designation:**

188:13   BY MS. MONTESANO:  
14    Q.    Okay.  I'd like to direct your attention to Exhibit 2,  
15           which is the indicative term sheet that was -- that  
16           was sent to potential lenders.  
17    A.    Okay.

## Objectors' Designations From December 5, 2013 Deposition of James Doak

18 Q. The third page, 16684. At the very bottom, you talk  
19 about the quality of life loan.

20 A. Yep. Yes.

**Pg: 189 Ln: 6 - 10**

### **Designation:**

189: 6 Q. Do you know who came up with the term quality of life?

7 A. Yes.

8 Q. Who is that?

9 A. The -- that terminology came from an attorney at Jones

10 Day.

**Pg: 190 Ln: 20 - Pg: 192 Ln: 22**

### **Designation:**

190:20 Q. When you were working with the City to develop this  
21 indicative term sheet, did you discuss what use for  
22 the quality of life loans would be permissible?

23 A. Yes.

24 Q. And what was the nature of those discussions?

25 A. Those discussions incorporated discussions about the

191: 1 Conway McKenzie operating initiatives and incorporated  
2 conversations about provisions of the Michigan Gaming  
3 Revenue Control Act.

4 Q. Okay. And for the Conway McKenzie operating

5 initiatives, what initiative in particular are you

## Objectors' Designations From December 5, 2013 Deposition of James Doak

6 referring to?

7 A. I'm referring to the initiatives that are described in  
8 various forms in the DIP cash flow forecast, as well  
9 as additional schedules that -- that Conway McKenzie  
10 provided that outlined some of the initiatives by --  
11 by spending amount, and in some cases, individual  
12 expenditures.

13 Q. Is it your understanding that the funds obtained  
14 through the quality of life loan will go to the  
15 general fund and then not be put to immediate use?

16 A. It's my understanding that the funds will go to the  
17 general fund, and the City will begin to deploy the  
18 capital, you know, as projected as has to be revised  
19 given the fact that this is now December, in the  
20 various schedules that have been prepared by Conway  
21 McKenzie, and to the extent that -- you know, that --  
22 well, I mean, that and -- but to the extent that other  
23 opportunities present themselves, the -- the funds are  
24 in the general fund.

25 Q. Did you consider structuring the transaction rather  
192: 1 than a payment as a lump sum as -- instead of as a  
2 line of credit?

3 A. Yes.

4 Q. And why did you opt not to structure the quality of  
5 life portion as a line of credit?

6 A. The proposal -- the -- the City could only consider  
7 the proposals that it received. It is frequently

## Objectors' Designations From December 5, 2013 Deposition of James Doak

8 challenging to receive a line of credit from  
9 commercial lenders giving the economics of extending  
10 lines of credit and commitment capital. In addition,  
11 the City was mindful that any decision to defer or  
12 delay proceeds from a financing process meant making a  
13 balancing decision between the negative carry of  
14 having the cash on the balance sheet and the risk both  
15 that the City could be in default of other sort of  
16 conditions precedent to further draws, as well as  
17 funding risk from a would-be financing party and  
18 their -- I'm sorry -- credit risk from a would-be  
19 financing party and further had to add to that  
20 balancing decision the positive impact and assurance  
21 that the City would have in knowing that the funds  
22 were in the general fund.

**Pg: 193 Ln: 1 - Pg: 194 Ln: 2**

### **Designation:**

193: 1 BY MS. MONTESANO:

2 Q. Exhibit 13 [sic] is a November 4th, 2013,  
3 presentation. It appears to be from Miller Buckfire  
4 briefing material from the Financial Advisory Board.  
5 Are you familiar with this document?

6 A. Yes.

7 Q. And I'd like to direct your attention to the third  
8 slide, which is Bates labeled 1962. This slide, I'll



## Objectors' Designations From December 5, 2013 Deposition of James Doak

9           represent to you, is actually the same slide that is  
10           part of Exhibit 3 if you wanted to compare.

11    A.    Yes.

12    Q.    And you can see the first bullet point, the fourth  
13           dash down, reads as the court approval process for the  
14           forbearance agreement has been delayed, the City and  
15           the swap counterparties have agreed to push back the  
16           deadline dates associated with the discounted payoff,  
17           and then there's a footnote there.  Terms herein are  
18           currently under discussion with the swap  
19           counterparties.

20                            Are you involved in those discussions with  
21           the swap counterparties?

22    A.    I am involved.  I am not the primary banker involved.

23    Q.    Who is the primary banker involved?

24    A.    Mr. Buckfire.

25    Q.    Do you know the current status of those negotiations?

194: 1    A.    Yes.

2        Q.    And what is it?

**Pg: 194 Ln: 15 - 19**

### **Designation:**

194:15                            THE WITNESS:  Okay.  You know, it's my  
16           understanding that the -- and as you know from the  
17           data room, the first five amendments to the  
18           forbearance agreement have been executed and that the

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

19           sixth has not. So the --

**Pg: 195 Ln: 1 - 6**

**Designation:**

195: 1    BY MS. GREEN:

2    Q.    Mr. Doak, I'm Jennifer Green on behalf of the  
3           Retirement System for the City of Detroit. Following  
4           up with a question that was just asked of you  
5           regarding the term quality of life, which attorney  
6           came up with that term?

**Pg: 195 Ln: 14 - 20**

**Designation:**

195:14                           THE WITNESS: Chris Bennett.

15    BY MS. GREEN:

16    Q.    Did you have email correspondence relating to this  
17           term with Mr. Bennett?

18    A.    What -- I mean, I have emails in regards to  
19           post-petition financing and the loan is labeled the  
20           quality of life loan.

**Pg: 196 Ln: 10 - 13**

**Designation:**

196:10    BY MS. GREEN:

## Objectors' Designations From December 5, 2013 Deposition of James Doak

- 11 Q. Let me ask it this way: When was that term -- quality  
12 of life, when was that term originated?  
13 A. Sometime in mid-to-late August.

**Pg: 196 Ln: 14 - Pg: 197 Ln: 12**

### **Designation:**

- 196:14 Q. You were asked a few moments ago about working on  
15 developing the term sheet and you mentioned the  
16 Michigan Gaming Control Act.  
17 A. That's correct.  
18 Q. At what point in time did you become aware of the  
19 Michigan Gaming Revenue Control Act?  
20 A. To the best of my recollection, probably sometime in  
21 early summer.  
22 Q. Early summer meaning pre -- do you consider that  
23 prepetition, so we're talking, like, June?  
24 A. I consider that to be prepetition.  
25 Q. And who made you aware of this act?  
197: 1 A. I don't recall.  
2 Q. Do you know what context this act came up in?  
3 A. The act came up in context of dialogue with the swap  
4 counterparties.  
5 Q. Do you recall if it was in relation to the  
6 negotiations in early June surrounding the forbearance  
7 agreement?  
8 A. It would be around that time.

## Objectors' Designations From December 5, 2013 Deposition of James Doak

9 Q. And I understand that you helped develop the terms for  
10 the DIP financing. Why was it that the swap note did  
11 not have casino revenue as a source of collateral; why  
12 was it structured that way?

**Pg: 197 Ln: 14 - Pg: 198 Ln: 12**

### **Designation:**

197:14 THE WITNESS: As with many provisions in  
15 the indicative term sheet, we -- the term sheet, I  
16 recall thinking that the term sheet should be  
17 constructed to avoid, if wherever possible, as much  
18 controversy as possible.

19 BY MS. GREEN:

20 Q. And why did you think that it was less controversial  
21 to attach the casino revenue to only the quality of  
22 life note?

23 A. My belief at the time was that the argumentation that  
24 we'd heard people represent around the swaps and their  
25 collateral interest and the validity of the interests  
198: 1 of the swaps' collateral interest in the gaming --  
2 gaming revenues was out in the market and part of how  
3 potential investors would quickly sort of due  
4 diligence themselves about what is -- what is  
5 controversial and what is not controversial. So given  
6 that that was part of the public -- publicly reported  
7 controversy associated with the -- the swaps and their

## Objectors' Designations From December 5, 2013 Deposition of James Doak

8 collateral, it was my thinking that the best way to  
9 steer clear of further controversy was to have the  
10 swap termination loan more focused on the -- a form of  
11 the City's revenues that were not the gaming tax  
12 revenues, and that's what we did.

**Pg: 198 Ln: 23 - Pg: 201 Ln: 24**

### **Designation:**

198:23 Q. Well, do you recall any particular lender off the top  
24 of your head that had a concern about the casino  
25 revenue being used as a source of the collateral?

199: 1 A. Yes.

2 Q. And who was that?

3 A. The ones that particularly come to mind was a joint  
4 proposal from Ambac, Assured, and NBIA.

5 Q. Was this also a concern that was raised by any of the  
6 City Council members in your one-on-one conversations  
7 with them regarding the DIP financing in general?

8 A. Several council members expressed, you know, ongoing  
9 both historical and present concerns with regards to  
10 the validity of the entirety of the cops and swaps  
11 transaction including the collateral arrangement.  
12 Others signed the document as they were mayor at the  
13 time.

14 Q. I just asked you about the City Council members.

15 You also mentioned that you had a

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

16           one-on-one meeting with a staff member from City  
17           Council. Is that Erv Corley?

18   A.    I had a one-on-one -- yes, I did.

19   Q.    Were there any other staff members that you had  
20           conversations with relating to the DIP financing?

21   A.    Yes.

22   Q.    And who are they?

23   A.    Marcel Hurt joined the meeting that I had with council  
24           member -- with council chair, with the council  
25           president.

200: 1   Q.    Is he the only one?

2    A.    He was the only one along with the council president.

3    Q.    Do you know an Ann Langan?

4    A.    I recall the name.

5    Q.    Did you have a one-on-one meeting with her relating to  
6           the DIP financing or the swap transaction?

7    A.    I -- no, I don't believe I did.

8    Q.    Do you recall the name because maybe her name came up  
9           in your conversation with Erv Corley?

10   A.    No, I recall the name because she is in an email  
11           correspondence between her and Todd Snyder of  
12           Rothschild in the Syncora objection and I -- I  
13           believe, but I can't specifically recall, that she was  
14           most likely a member of the staff that was in the room  
15           when we had the closed-council session.

16   Q.    Do you know if any other members of Miller Buckfire  
17           met with Ms. Langan before the City Council meeting,

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

18           if you know?

19    A.    I don't -- I don't know.

20    Q.    When you met with Erv Corley, did you discuss the  
21           casino revenue pledge specifically with him?

22    A.    Yes.

23    Q.    And what was the substance of that conversation?

24    A.    The conversation used the briefing document that's  
25           marked as one of the -- the exhibits here, Doak 4, and  
201: 1       the dialogue was both about the structure of the  
2           financing, the post-petition financing, as well as the  
3           history of the cops and swaps transactions.

4    Q.    Did he have any questions about the fee letter or the  
5           market flex provision during your meeting?

6    A.    No.

7    Q.    You were asked extensively about the fee letter and  
8           the market flex provision. I don't think at any point  
9           you were asked whether in your capacity as the  
10          investment banker for the City of Detroit if you were  
11          unaware of the market flex provision personally, would  
12          you be able to recommend a \$350 million loan if you  
13          did not know what the market flex provision could  
14          yield as far as interest rates.

15   A.    I would not be in a position to recommend the  
16          transaction to Kevin Orr if I was not aware of the  
17          market flex provision.

18   Q.    And similarly, if you were unaware of the fees  
19          associated with the \$350 million loan, would you, as

## Objectors' Designations From December 5, 2013 Deposition of James Doak

20 the investment manager for the City of Detroit, be  
21 able to recommend that transaction to the City?  
22 A. I -- in order to recommend the transaction to Kevin  
23 Orr, it was important to me to have the  
24 understanding of the commitment fee.

**Pg: 205 Ln: 2 - 6**

### **Designation:**

205: 2 BY MS. GREEN:

3 Q. You were asked earlier about what I believe was  
4 Exhibit 3, but it might be Exhibit 4 because I think  
5 we split it. It's the term sheet. It was the one  
6 that was misstapled, so I am unclear as to which.

**Pg: 205 Ln: 10 - 12**

### **Designation:**

205:10 Q. Yeah. If you flip -- mine is Bates numbered  
11 differently. Section 5 is what I am looking at,  
12 paragraph 5.

**Pg: 206 Ln: 1 - Pg: 208 Ln: 7**

### **Designation:**

206: 1 BY MS. GREEN:

2 Q. Certain other provisions, paragraph 5.



**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

3 A. Yes.

4 Q. The third bullet point down, it says state law  
5 validity opinion for the note. With appropriate  
6 carveout in respect to pledging priority. Do you see  
7 that part?

8 A. Yes.

9 Q. You helped prepare the term sheet, correct, the  
10 original term sheet?

11 A. Yes.

12 Q. Was this portion part of the original term sheet or  
13 did Barclays change this?

14 A. This was a negotiated provision of the Barclays' term  
15 sheet.

16 Q. And why was it negotiated?

17 A. Because they wanted a state law validity opinion.

18 Q. And why were the pledge and priority issues  
19 specifically carved out of that legal opinion  
20 requirement?

21 A. The attorneys spent a substantial amount of time  
22 dialoguing on the opinions that would be delivered in  
23 context of the closing of the financing and what was  
24 an opinionable matter both in regards to -- in regards  
25 to the world of municipal finance, in regards to the  
207: 1 world of restructuring finance, and what one could  
2 deliver as a law firm when the two worlds collided  
3 and -- and to the best of my recollection, that is  
4 a -- that reflects, you know, some form of meeting of

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

5 the minds that the law firms had in regards to the  
6 form that opinion would take and what it would  
7 reference and what it would not reference.

8 Q. And what would it not reference?

9 A. Well, I think what this would -- I think the point  
10 here is you have a state law validity opinion and it  
11 would be a valid opinion under state law but it would  
12 have an appropriate carveout in respect to the pledge  
13 and priority which were provisions of Federal  
14 Bankruptcy Code and so could possibly be beyond an  
15 area at which someone would be expected to deliver a  
16 state law opinion. But that's said by someone who is  
17 not a practicing attorney.

18 Q. Were the concerns about the casino revenue being used  
19 as a pledge part of the reasoning behind not requiring  
20 legal opinions with respect to the pledge itself?

21 A. I don't -- I don't know or I can't recall. Part of  
22 this discussion, as I recall, all involved the concept  
23 of, like, what a particular institution such as Miller  
24 Canfield, which knew the provisions of state law,  
25 could opine on or not opine on and should opine on and  
208: 1 not opine on given that in the federal context and in  
2 the federal restructuring context, it's relatively  
3 unusual to have validity opinion in regards to  
4 pledging and priority based on a post-petition  
5 financing with the federal court order. But, once  
6 again, this is a banker trying to recall a

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

7 conversation amongst four law firms.

**Pg: 210 Ln: 6 - 7**

**Designation:**

210: 6 THE WITNESS: Exhibit 11 has that language  
7 that you were going to, I believe.

**Pg: 210 Ln: 8 - 25**

**Designation:**

210: 8 BY MS. GREEN:  
9 Q. The version I have does have the page and the language  
10 appears to be delivery of legal opinions in form and  
11 substance consistent with the documentation  
12 requirements set forth in section 5 hereof.  
13 A. Yep.  
14 Q. My only question for you then to follow up is if there  
15 is not a legal opinion listed in the documentation of  
16 paragraph 5, is it your understanding that there is no  
17 other legal opinion required under the note?  
18 To make it easier, is there, like, a side  
19 agreement that we don't know about --  
20 A. No, no. I --  
21 Q. -- that has a legal opinion that has not been  
22 produced?  
23 A. No, there's not a side --

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

24 Q. Okay.

25 A. There's not a side agreement.

**Pg: 211 Ln: 4 - 5**

**Designation:**

211: 4 MARKED BY THE REPORTER:

5 DEPOSITION EXHIBIT 15

**Pg: 211 Ln: 9 - Pg: 212 Ln: 9**

**Designation:**

211: 9 BY MS. GREEN:

10 Q. Mr. Doak, who is Thomas Gavin?

11 A. Thomas Gavin is an investment banker at R. W. Baird.

12 Q. And how is R. W. Baird involved in the City's

13 finances?

14 A. R. W. Baird is a -- it has an engagement with the City

15 with regards to the water fund and sewer fund and DWSD

16 financings.

17 Q. And do you know if Thomas Gavin personally is working

18 on that matter?

19 A. He's the -- he's been the individual present at some

20 meetings with DWSD executives and introduced as the R.

21 W. Baird banking team representative.

22 Q. And in Exhibit 15, at the bottom, it appears to be an

23 email dated August 29th, 2013. Do you recognize that

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

24 email?

25 A. Yes.

212: 1 Q. It states, Tom, great to meet you at DWSD. Is that  
2 referring to one of the meetings that you just spoke  
3 of?

4 A. Okay. I'm on the second page. Yes.

5 Q. Okay. You further state we're working on sourcing 350  
6 million post-petition financing use of proceeds as to  
7 financing the swap termination and provide general  
8 fund liquidity through the Chapter 9 case, correct?

9 A. Yes.

**Pg: 212 Ln: 10 - Pg: 213 Ln: 5**

**Designation:**

212:10 Q. Did you speak with him about this post-petition  
11 financing earlier when you met him in person or was  
12 this the first he heard of it, this financing?

13 A. You got to ask that question again because it's a  
14 double question.

15 Q. Because it's what?

16 A. It's a double question.

17 Q. Okay. Did you speak to Mr. Gavin about the  
18 post-petition financing when you met him in person?

19 A. No.

20 Q. So this email was the first time you had approached R.  
21 W. Baird regarding post-petition financing?

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

22 A. Yes.

23 Q. Okay. And did you later speak with Mr. Gavin  
24 regarding that post-petition financing?

25 A. Yes.

213: 1 Q. And when was that conversation?

2 A. I don't recall.

3 Q. Would it have been shortly after this email or was it  
4 recently?

5 A. Shortly after the email.

**Pg: 213 Ln: 6 - 21**

**Designation:**

213: 6 Q. Okay. What was the substance of your conversation  
7 with Mr. Gavin relating to the post-petition  
8 financing?

9 A. He indicated that R. W. Baird would be declining the  
10 opportunity to arrange the post-petition financing and  
11 that it was, you know, a little outside their business  
12 model and, you know, given their ongoing engagement  
13 with DWSD, he thought that it would potentially, you  
14 know, create confusion or conflicts and so they were  
15 going to pass.

16 Q. Does R. W. Baird also represent the swap  
17 counterparties or, I guess, not represent but do they  
18 also have consulting or financial advisory services  
19 that they provide to the swap counterparties to your

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

20           knowledge?

21    A.    I don't know.

**Pg: 213 Ln: 22 - Pg: 216 Ln: 5**

**Designation:**

213:22   Q.    If you look at the email from Thomas Gavin that's  
23           above the one that we just spoke of, there's an email  
24           to you.

25    A.    Yes.

214: 1   Q.    It says when we spoke, I said that the counterparties  
2           didn't get a bankruptcy opinion from Lewis and Munday.  
3           I neglected to say that they did get an opinion from  
4           Orrick, attached. Are you familiar with the Orrick  
5           legal opinion?

6    A.    No.

7    Q.    Do you recall when he sent the email, did you review  
8           the Orrick legal opinion that was attached?

9    A.    No.

10   Q.    When you read this email, did you miss that there was  
11          an opinion attached?

12   A.    No.

13   Q.    So you knew it was attached but you didn't open it?

14   A.    I don't remember whether I opened it.

15   Q.    Okay. Further down in that paragraph, it says as I  
16          said on the phone, the counterparties' attorneys did  
17          not believe that the pledge survived but they did get

**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

18           what they could from Orrick -- did get what they could  
19           from Orrick. Did you know what he meant when he said  
20           the counterparties' attorneys did not believe that the  
21           pledge survived?

22   A.    Yes.

23   Q.    And is it because, as the lead into the sentence says,  
24           as I said on the phone? Was he repeating something he  
25           had previously told you?

215: 1   A.    Yes.

2   Q.    Okay. How did he explain it to you on the telephone?

3   A.    He had a recollection or at least a narrative in  
4           regards to the negotiations that had occurred amongst  
5           parties in 2009 and he was informing me of a dialogue  
6           that he indicated had occurred in the negotiations  
7           between the City and its advisors and the swap  
8           counterparties and their advisors in regards to  
9           structuring the collateral agreement and amendment to  
10          the swaps.

11   Q.    And when you say the collateral agreement, you mean  
12          the collateral agreement that secured -- or -- I'm  
13          sorry -- that pledged the casino revenue, correct?

14   A.    Yes.

15   Q.    Okay.

16   A.    That did whatever it did to the casino revenue.

17   Q.    Well, right. So, on the phone, you discussed that the  
18          counterparties themselves did not believe that the  
19          pledge of the casino revenue survived. When you



**Objectors' Designations From  
December 5, 2013 Deposition of James Doak**

20           say -- when the word here survived is used, do you  
21           have an understanding as to what he's referring to?  
22           Does he mean the bankruptcy filing?

23    A.    He -- in his narrative, he was suggesting that back in  
24           2009, the City -- City's advisors were of the opinion  
25           that the protection could be conveyed to the swap  
216: 1       counterparties and the swap counterparties' attorneys  
      2       were of the opinion that the protection that was being  
      3       provided in the collateral agreement wouldn't work.  
      4       That is what I recall from the telephone conversation  
      5       with him.

**Exhibit 6C**

**Excerpt from the Deposition of Charles Moore**

1 UNITED STATES BANKRUPTCY COURT  
2 FOR THE EASTERN DISTRICT OF MICHIGAN  
3 SOUTHERN DIVISION  
4

5 In Re:

6  
7 CITY OF DETROIT, MICHIGAN

Chapter 9

8 Case No.13-53846

9 Debtor.

Hon. Steven Rhodes

10 \_\_\_\_\_ /

11  
12  
13 The Deposition of CHARLES MOORE,  
14 Taken at 150 West Jefferson Avenue, Suite 2500,  
15 Detroit, Michigan,  
16 Commencing at 10:00 a.m.,  
17 Wednesday, December 4, 2013,  
18 Before Kathy Adkins, CRR, RMR, CSR-4697.  
19  
20  
21  
22  
23  
24  
25

1 APPEARANCES:

2

3 ROBERT W. HAMILTON

4 Jones Day

5 325 John H. McConnell Blvd.

6 Suite 600

7 Columbus, Ohio 43215

8 614.469.3939

9 RWHAMILTON@JONESDAY.COM

10        Appearing on behalf of the City of Detroit.

11

12 MIGUEL F. EATON

13 Jones Day

14 51 Louisiana Avenue, N.W.

15 Washington, D.C. 20001

16 202.879.3939

17 MEATON@JONESDAY.COM

18        Appearing on behalf of the City of Detroit.

19

20

21

22

23

24

25

1 MATTHEW G. SUMMERS  
2 Ballard Spahr, LLP  
3 919 North Market Street  
4 11th floor  
5 Wilmington, Delaware 19801  
6 302.252.4465  
7 summersm@ballardspahr.com

8 Appearing on behalf of EEPK and Affiliates.

9

10 VINCENT J. MARRIOTT III  
11 Ballard Spahr LLP  
12 1735 Market Street  
13 51st Floor  
14 Philadelphia, Pennsylvania 19103  
15 215.665.8500  
16 marriott@ballardspahr.com

17 Appearing on behalf of EEPK and Affiliates.

18

19 STEPHEN HACKNEY  
20 Kirkland & Ellis, LLP  
21 300 North LaSalle  
22 Chicago, Illinois 60654  
23 312.862.2157  
24 stephen.hackney@kirkland.com

25 Appearing on behalf of Syncora Capital Assurance.

1 JENNIFER GREEN

2 ROBERT GORDON

3 Clark Hill, P.L.C.

4 500 Woodward Avenue

5 Suite 3500

6 Detroit, Michigan 48226

7 313.965.8300

8 jgreen@clarkhill.com

9 rgordon@clarkhill.com

10        Appearing on behalf of Police and Fire Retirement

11        System and Police and Fire General Retirement System.

12

13 ERNEST J. ESSAD, JR.

14 Williams, Williams, Rattner & Plunkett, P.C.

15 380 North Old Woodward

16 Suite 300

17 Birmingham, Michigan 48009

18 248.642.0333

19 eje@wwrplaw.com

20        Appearing on behalf of Financial Guaranty

21        Insurance Company.

22

23

24

25

1 RALPH A. TAYLOR  
2 Arent Fox, LLP  
3 1717 K Street, NW  
4 Washington, D.C. 20036  
5 202.857.6000  
6 ralph.taylor@arentfox.com

7 Appearing on behalf of Ambac.

8  
9 MARC D. ASHLEY  
10 Chadbourne & Parke, LLP  
11 30 Rockefeller Plaza  
12 New York, New York 10112  
13 212.408.5194  
14 mashley@chadbourne.com

15 Appearing on behalf of Assured

16 Guaranty Municipal Corp.

17  
18 JOSEPH SELBY  
19 Dentons  
20 1221 Avenue of the Americas  
21 New York, New York 10020  
22 212.768.6700

23 Appearing telephonically on  
24 behalf of Official Committee of Retirees.

25

1 JEROME D. GOLDBERG  
2 Jerome D. Goldberg, PLLC  
3 2921 East Jefferson  
4 Suite 205  
5 Detroit, Michigan 48207  
6 313.393.6001  
7 apclawyer@sbcglobal.net

8        Appearing on behalf of David Sole, Party in Interest.  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25



TABLE OF CONTENTS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

WITNESS	PAGE
CHARLES MOORE	
EXAMINATION	
BY MR. HACKNEY:	9
EXAMINATION	
BY MR. MARRIOTT:	263
EXAMINATION	
BY MR. TAYLOR:	282
EXAMINATION	
BY MS. GREEN:	292

EXHIBITS

EXHIBIT	PAGE
(Exhibits attached to transcript.)	
EXHIBIT 1	9
EXHIBIT 2	114
EXHIBIT 3	138
EXHIBIT 4	146
EXHIBIT 5	160

1	EXHIBIT 6	222
2	EXHIBIT 7	242
3	EXHIBIT 8	244
4	EXHIBIT 9	264
5	EXHIBIT 10	277
6	EXHIBIT 11	295

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 Detroit, Michigan

2 Wednesday December 4, 2013

3 10:00 a.m.

4

5

CHARLES MOORE,

6

was thereupon called as a witness herein, and after

7

having first been duly sworn to testify to the truth,

8

the whole truth and nothing but the truth, was

9

examined and testified as follows:

10

MARKED FOR IDENTIFICATION

11

EXHIBIT 1

12

9:57 a.m.

13

EXAMINATION

14

BY MR. HACKNEY:

15

Q. Mr. Moore, good morning. Can you state your name for

16

the record, please.

17

A. Yes. Charles Moore, M-O-O-R-E.

18

Q. It's my understanding that you've had your deposition

19

taken a number of times before, is that correct?

20

A. Yes, sir.

21

Q. And it's fair to say that you have a general

22

understanding of the way a deposition process works,

23

is that correct?

24

A. Yes.

25

Q. The most important rule from my standpoint is that if

1 A. Yes.

2 Q. And the scope of services did not change with the  
3 amendment as you understand it, correct?

4 A. Correct.

5 Q. And is Conway MacKenzie performing all of the services  
6 that are described in Exhibit A?

7 A. Yes.

8 Q. Do you see that on the first page of Exhibit A, which  
9 also has got the number three on it under the  
10 contract, do you see that down at the bottom?

11 A. Yes, sir.

12 Q. Do you see that it says that one of the things that  
13 you will do is that you will work collaboratively with  
14 City of Detroit, State of Michigan, and outside  
15 professionals to develop a detailed, comprehensive  
16 work plan, do you see that?

17 A. Yes.

18 Q. Did Conway MacKenzie do that?

19 A. Yes.

20 Q. Do you know when it completed that work plan?

21 MR. HAMILTON: Object to form.

22 A. The initial work plan that was established would have  
23 been completed in January of 2013.

24 BY MR. HACKNEY:

25 Q. You said initial, are you suggesting that it's

1 something that is constantly revised or has been  
2 revised since the initial one was completed?

3 A. Yes, a work plan is essentially meant to identify  
4 tasks that need to be performed and manage those  
5 tasks, and so periodically we are providing updates to  
6 the City regarding upcoming tasks.

7 Q. So is this one of those things where as tasks are  
8 completed, the completion of the tasks are noted, as  
9 additional tasks are added, they are added to the work  
10 plan and it's an organic living document?

11 A. Yes.

12 Q. How regularly is that updated?

13 A. There's not a set frequency. Sometimes, and by the  
14 way, there may be multiple items that can be  
15 considered a work plan. Our communications with the  
16 department regarding upcoming activities may take one  
17 form, our communications with say the emergency  
18 manager office may take another form. Generally  
19 speaking, every two to three weeks or so documents are  
20 updated.

21 Q. Is the work plan something that's available to  
22 creditors to your knowledge?

23 A. I'm not aware.

24 Q. Okay. Do you know whether you've ever been, have you  
25 ever been asked to produce it so that it could go into