

**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
)
) Expedited Consideration
) Requested

***EX PARTE* EMERGENCY MOTION FOR AN ORDER (I) SHORTENING
NOTICE AND SCHEDULING AN EXPEDITED HEARING ON THE
MOTION OF SYNCORA GUARANTEE INC. AND SYNCORA CAPITAL
ASSURANCE INC. FOR STAY PENDING APPEAL AND (II) GRANTING
A TEMPORARY ADMINISTRATIVE STAY OF THE DIP ORDER**

Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, “Syncora”) file this motion (this “Motion”) for the entry of an *ex parte* order pursuant to Rules 9006(c)(1) and 9007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 9006-1(b) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Eastern District of Michigan (the “Local Rules”) (a) shortening the notice period regarding the *Emergency Motion of Syncora Guarantee Inc. and Syncora Capital Assurance Inc. for Stay Pending Appeal* (the “Motion for Stay Pending Appeal”), (b) scheduling a hearing on the Motion for Stay Pending Appeal at this Court’s earliest convenience, and (c) renewing Syncora’s request for a temporary

administrative stay of the DIP Order (defined below). In support of this motion, Syncora respectfully states as follows:

JURISDICTION AND VENUE

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.

RELIEF REQUESTED

2. In the Motion for Stay Pending Appeal, filed contemporaneously herewith, Syncora seeks entry of an order under Federal Rule of Bankruptcy Procedure 8005 staying this Court's minute entry (the "DIP Order") dated January 16, 2014, conditionally approving the DIP Motion (as defined below) with respect to the Quality of Life financing and denying the DIP Motion with respect to the Swap Termination financing pending appeal. In the alternative, Syncora seeks entry of an order temporarily staying the effectiveness of the DIP Motion pending the United States District Court for the Eastern District of Michigan's evaluation of the appropriateness of a stay.

3. By the instant Motion, Syncora seeks an order shortening the notice period regarding the Motion for Stay Pending Appeal, and scheduling a hearing on the Motion for Stay Pending Appeal at the earliest possible time in light of the emergency nature of the relief sought in the Motion for Stay Pending Appeal.

Additionally, Syncora renews its request for a temporary administrative stay of the DIP Order.

BASIS FOR RELIEF

4. Bankruptcy Rule 9006(c)(1) provides that “when an act is required or allowed to be done within a specified time by these rules or by a notice given thereunder or by order of court, the court for cause shown may in its discretion and without motion or notice order the period reduced.” Fed. R. Bankr. P. 9006(c)(1). Local Rule 9006-1(b) further provides that a party may file a motion for an *ex parte* order reducing or enlarging the time for a party to take any action or file any paper.” E.D. Mich. LBR 9006-1(b). Additionally, under Bankruptcy Rule 9007, “[w]hen notice is to be given under the [Bankruptcy Rules], the court shall designate, if not otherwise specified herein, the time within which, the entities to whom, and the form and manner in which the notice shall be given.” Fed. R. Bankr. P. 9007. Together, these rules provide the Court with the authority to enter an *ex parte* order scheduling a hearing on shortened notice and approving the manner of such notice.

5. On December 17, 2013, December 18, 2013, January 3, 2014, and January 13, 2014, this Court held hearings (the “Combined Hearing”) on 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 13, 2013 [Docket No. 17] to assume the Forbearance Agreement and settle controversies with the Swap Counterparties (the “Forbearance Agreement 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 Status and (III) Modifying Automatic Stay* [Docket No. 1520] (the “DIP Motion”).

6. On January 16, 2014, this Court denied the Forbearance Agreement Motion, but conditionally approved the DIP Motion with respect to the Quality of Life financing. That same day, Syncora filed its *Ex Parte Emergency Motion to (I) Issue a Temporary Administrative Stay of the DIP Order and (II) Set a Briefing and Hearing Schedule* [Doc. No. 2500]. As of this Motion’s filing, this Court has not acted on Syncora’s administrative stay motion. Accordingly, out of an abundance of caution, Syncora has filed a notice of appeal, the Motion for Stay Pending Appeal, and this Motion.

7. As described in more detail in Syncora’s administrative stay motion, absent the relief sought in this Motion, there is a risk that the City may attempt to close on a revised DIP Facility—a facility that will necessarily be structured differently than the DIP Facility proposed in the DIP Motion—before Syncora, or

any other objecting party, has an opportunity to be heard on the merits of a stay. Therefore, Syncora submits that cause exists to schedule a hearing on this Motion at this Court's earliest opportunity on shortened notice.

8. Syncora will serve this Motion via the Court's ECF system to the parties in the above-captioned proceeding and will provide notice of the *ex parte* order promptly upon issuance.

WHEREFORE, Syncora respectfully request that the Court enter an order, substantially in the form attached as Exhibit 1, granting the relief requested in this Motion and granting such further relief as the Court deems appropriate.

Dated: January 17, 2014

/s/ Ryan Blaine Bennett

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Syncora Capital Assurance Inc.*

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
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) Expedited Consideration
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**ORDER GRANTING SYNCORA GUARANTEE INC. AND SYNCORA
CAPITAL ASSURANCE INC.’S MOTION (I) SHORTENING NOTICE
AND SCHEDULING AN EXPEDITED HEARING ON THE MOTION OF
SYNCORA GUARANTEE INC. AND SYNCORA CAPITAL ASSURANCE
INC. FOR STAY PENDING APPEAL AND (II) GRANTING A
TEMPORARY ADMINISTRATIVE STAY OF THE DIP ORDER**

This matter having come before the Court on the motion (the “Motion”) of Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, “Syncora”) for the entry of an order (i) shortening the notice period and scheduling an expedited hearing on the Motion for Stay Pending Appeal and (ii) temporarily staying the DIP Order pending this Court’s consideration of the Motion for Stay Pending Appeal,¹ the Court having reviewed the 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;

¹ Capitalized terms used but not defined herein have the meaning set forth in the Motion.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The hearing on the Motion for Stay Pending Appeal shall be held on January ____, 2014, at __:__ .m. before Hon. Steven Rhodes in Courtroom ____, U.S. Courthouse, 231 W. Lafayette, Detroit, Michigan.
3. All parties in interest shall refrain from taking any steps to consummate any transaction authorized by the DIP Order pending this Court's evaluation of the Motion for Stay Pending Appeal.
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