

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION – DETROIT**

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

**NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION’S  
JOINDER TO THE OBJECTION OF AMBAC ASSURANCE  
CORPORATION TO MOTION 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 PRUSUANT TO RULE 9019, AND (III)  
GRANTING RELATED RELIEF**

National Public Finance Guarantee Corporation (“National”), by and through its undersigned counsel, hereby submits this joinder (the “Joinder”) to Ambac Assurance Corporation’s Objection [Docket No.348] (the “Objection”) to the Motion for Entry of an Order Authorizing (I) the Assumption of that Certain Forbearance and Optional Termination Agreement Pursuant to Section 362(a) of the Bankruptcy Code, (II) Approving Such Agreement Pursuant to Rule 9019, and (III) Granting Related Relief [Docket No. 157] (the “Settlement Motion”). In support of this Joinder, National respectfully submits as follows:

1. National is a municipal bond insurer and is a creditor and/or party in interest in this chapter 9 proceeding. In particular, National has insured several bonds issued by the City of Detroit (the “City”), including unlimited tax general obligation bonds, water supply system bonds, and sewage disposal system bonds. National has also insured bonds issued by, or transferred to, various discrete City or State authorities that are entities separate from the City. These bonds include Downtown Development Authority bonds, Cobo Hall project bonds, and Building Authority revenue bonds. In aggregate, National has provided insurance for approximately \$2.4 billion of the of the City’s municipal bonds and bonds issued by City authorities. If the City or any of its authorities fails to pay the holders of National-insured bonds the scheduled principal and interest payments when due, National will be required to make such payments as and to the extent required by the National policies. National is thus the true economic party in interest with respect to the liabilities and obligations of the City that National has insured.

2. National hereby joins the Objection filed by Ambac. The City has failed to satisfy the requirements of Bankruptcy Code Section 365 and Bankruptcy Rule 9019. The Settlement Motion provides no factual basis or legal

framework for the Court to evaluate the validity of the Swap Counterparties'<sup>1</sup> claims and liens or the merits of the proposed settlement. Moreover, as set forth in the Objection, the City has several strong and meritorious arguments that the Swap Obligations, including any security granted in respect thereof, are void *ab initio*. Consequently, National hereby joins the Objection and for the reasons stated therein requests that the Court deny the relief requested in the Settlement Motion.

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<sup>1</sup> Capitalized terms used in this paragraph but not defined in this Joinder shall have the meanings ascribed to such terms in the Objection.

WHEREFORE, National respectfully requests that the Court deny the relief requested in the Settlement Motion and grant such other and further relief as is just and proper.

Dated: August 16, 2013

Respectfully submitted,

/s/ Eric D. Novetsky  
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