

Firm helps complete Detroit's historic 'Grand Bargain'

The Ford Foundation, the Community Foundation for Southeast Michigan and 10 other national and regional foundations, acting through the Foundation for Detroit's Future, committed to contribute \$366 million to Detroit's "Grand Bargain," a series of transactions designed to assist the City of Detroit exit from Chapter 9 bankruptcy.

This unprecedented effort of the foundations, along with contributions of \$100 million by the Detroit Institute of Arts through multiple donors and \$350 million from the State of Michigan, lessened the benefit reductions the City of Detroit pensioners and retirees faced as a result of the bankruptcy. Plunkett Cooney assisted the foundations and the Foundation for Detroit's Future in this historic transaction.

When the City of Detroit filed for Chapter 9 Bankruptcy protection in June, 2013, there were two immediate challenges that threatened to derail the entire process. Detroit retirees and pensioners faced significant cuts in pension benefits and the Detroit Institute of Arts' collection and assets, which were owned directly by the City, were at risk of being sold to pay creditors. Through the outstanding efforts of the Detroit Bankruptcy Mediation Team appointed by Bankruptcy Judge Steven Rhodes, the Grand Bargain was conceived to resolve these challenges and, eventually, was brought to fruition.

The Grand Bargain was "one-of-a-kind" transaction, without an equivalent in the annals of United States Bankruptcy Court history. The Grand Bargain documents involved painstaking detail to not only consummate the transaction, which facilitated the Detroit Institute of Arts being placed into charitable trust in perpetuity and prevented drastic cuts to pension benefits for over 20,000 retirees, but also looks 20 years into the future -- when the last foundation payments are scheduled to be received.

There were many high and low points during this 14-month process, which culminated in the transaction closing in December, 2014. The Michigan Attorney General needed to provide an opinion regarding the Detroit Institute of Arts. The Michigan Legislature passed a package of ten bills, which facilitated the state's contribution and other aspects of the Grand Bargain. Concessions were needed from retirees, unions and Detroit pension plans. In the end, through the efforts of many public and private parties and individuals, the Grand Bargain became a reality.

Plunkett Cooney's team advised and represented its foundation clients, as well as the Foundation for Detroit's Future, an affiliate of the Community Foundation of Southeast Michigan. The firm remains counsel to the Foundation for Detroit's Future, which will continue to have responsibilities over the 20-year span of the Grand Bargain agreement.



FIRM HELPS COMPLETE DETROIT'S HISTORIC 'GRAND BARGAIN' Cont.

Plunkett Cooney is extremely pleased to have played a role in this historic and groundbreaking transaction. As a result, the City of Detroit, the southeast Michigan region and the State of Michigan have a brighter future.