



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

December 9, 2014

NOTICE OF TERMINATION

Kevyn D. Orr
Emergency Manager
City of Detroit
2 Woodward Avenue
Detroit, Michigan 48226

Dear Mr. Orr:

Thank you for your December 8, 2014, letter to me and State Treasurer R. Kevin Clinton. Pursuant to Section 22(1) of Public Act 436 of 2012, the Local Financial Stability and Choice Act, your letter informed us of your determination that the financial emergency you were appointed to manage in the City of Detroit will be rectified as of the Effective Date of the Plan for Adjustment in the Detroit bankruptcy case and recommended that the City's receivership be terminated.

For the reasons stated below, I agree with your determination that the City's financial emergency will be rectified upon the City's expected exit from bankruptcy. I also agree that the financial conditions of the City will be corrected in a sustainable fashion as provided in Act 436 upon that occurrence. Therefore, this letter approves termination of the financial emergency status, the receivership of the City of Detroit, and your contract as Emergency Manager of the City of Detroit.

When I authorized the placement of the City into bankruptcy, I noted that at that point, the City could not meet its basic obligations to its citizens, which had also resulted in an inability to meet obligations to its creditors. The bankruptcy process, combined with the budget that is now in place, means the financial emergency will be sustainably rectified. More important, the City is now on a path to meet its obligations to its citizens. The reinvestment initiatives that were identified and in many cases jump-started during the financial emergency are well underway through a partnership with local leaders.

When the City entered bankruptcy, the homicide rate was at its highest in 40 years – it has now fallen 18 percent. Moreover, the case closure rate for homicides then was 11 percent; this August, it was at 72 percent. Then, citizens waited an average of 58 minutes for police to respond to their calls; now it is less than 18 minutes. Only a third of the City's ambulances were operational then; now, the average EMS priority response time is well under 12 minutes. Then, 40 percent of the City's streetlights did not function; now, there is a full plan in place to relight the City, the money is available to do it at very competitive interest rates, and hundreds of new, brighter and cheaper lights are installed every week. Similarly, there is a clear plan to address blight, with hundreds of abandoned structures being removed and a successful revitalization effort for other properties that are now blighted in strong neighborhoods. Trash is being picked up and curbside recycling is now available.

While there is clearly much more to do to ensure the citizens of Detroit have a necessary level of service, there is a remarkable improvement in the lives of citizens that clearly supports a finding that receivership should be ended upon the City's exit from bankruptcy.

Furthermore, I understand that, as part of your determination, you have issued a final order ensuring that the Plan of Adjustment can be carried out, and have adopted and implemented, pursuant to Section 21(1) of the Act, a two-year budget for the City, which includes all contractual and employment agreements.

Pursuant to Section 9 of the Contract for Emergency Manager Services for the City of Detroit, which was executed on March 27, 2013, I hereby issue this Notice of Termination. This Notice of Termination will take effect on the Effective Date of the Plan for Adjustment confirmed by the United States Bankruptcy Court for the Eastern District of Michigan in the case captioned *In re City of Detroit, Michigan, Debtor*, Case No. 13-53846.

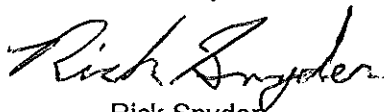
Upon the effective date of this Notice of Termination, you should do all of the following:

- a) Cease work under your Contract;
- b) Incur no further costs;
- c) Submit to the State all records, reports, and documents as the State shall specify and carry out such directives as the State may issue concerning the safeguarding and disposition of files and property acquired by you in your capacity as Emergency Manager (see enclosed letter); and
- d) Submit within 30 calendar days a closing memorandum and final billing, which shall be paid within 30 days after submittal.

I conclude that the financial conditions of the City have been corrected in a sustainable fashion as provided in Act 436. Therefore, pursuant to Section 9(7) of the Act, I hereby remove the City of Detroit from receivership as of the Effective Date of the Plan for Adjustment, provided that this occurs prior to December 31, 2014, and do so without the imposition of any conditions permitted under the Act.

On behalf of the State of Michigan, thank you for your service, which has been extraordinary and transformative for the City of Detroit and our state as a whole.

Sincerely,



Rick Snyder
Governor

Enclosure

cc: R. Kevin Clinton, State Treasurer
Mayor Michael Duggan
Members of Detroit City Council
Chief Financial Officer
Detroit Financial Review Commission



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

December 9, 2014

Kevyn D. Orr
Emergency Manager
City of Detroit
2 Woodward Avenue
Detroit, Michigan 48226

Dear Mr. Orr:

As part of the transition of City governance from you as Emergency Manager to the Mayor and City Council, based on the anticipated termination of your appointment in accordance with the Governor's letter of this date, and to comply with applicable records retention laws, please forward to this Department in electronic format, without copies retained, all records, reports, documents, and files in your possession and acquired by you in your capacity as Emergency Manager that have not previously been forwarded.

The terms of this letter also encompass all records, reports, documents, and files (including e-mails) in the possession of, or maintained by, any member of your immediate staff that have not previously been forwarded, namely those of Stacy Fox, Sonya Mays, Bill Nowling, Shani Penn, and Dan Sutton. Additionally, any records, reports, documents, and files in the possession of Eunice Hays acquired in her capacity assisting the Emergency Manager (including e-mails between Eunice and you or a member of your staff) should be treated similarly.

Please inform all contractors that possess document-handling responsibilities, including but not limited to Xact Data Discovery, AlphaLit, and Jones Day, of the terms of this letter and ask them to undertake the needed steps to carry out this directive. Please note that Jones Day may retain a copy of all files now in the possession of other contractors (e.g. AlphaLit) for the purpose of efficiently conducting any remaining litigation related to the bankruptcy, and that such copy may be destroyed upon the determination that it is no longer needed.

If you have any questions regarding this request and notice, please contact Frederick Headen at fheaden@michigan.gov, or reach out to me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Kevin Clinton".

R. Kevin Clinton
State Treasurer