

The Detroit Experience and PROMESA

Presentation to PROMESA Conference

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Characteristics

Detroit v. Puerto Rico

Detroit	Puerto Rico
Single municipality	Commonwealth and multiple municipalities
Federal and State Constitutions	Federal and Commonwealth Constitutions
Chapter 9	PROMESA
Bankruptcy Court jurisdiction	Federal Court jurisdiction
One Emergency Manager	7-member Oversight Board
State oversight	Federal oversight
State supportive of City	Commonwealth/Board role untested
Extreme blight	Old San Juan and other wonders
700,000 residents	3.5 million residents
Narrow focus	Very broad focus
Heavy reliance on mediators	Mediator role unclear

Debt Distinctions

Detroit v. Puerto Rico

Detroit	Puerto Rico
<p>\$18 billion</p> <ul style="list-style-type: none">▪ Issuances fairly simple▪ Monoline insurance▪ Less-secured debt▪ Not much bond debt held locally	<p>\$72 billion plus large underfunding</p> <ul style="list-style-type: none">▪ Issuances more numerous and complex▪ Monoline insurance▪ More-secured debt▪ Large amount of bond debt held locally
Litigation threatened	Litigation very active
<p>\$9 billion in retiree claims</p> <ul style="list-style-type: none">▪ 33,000 retiree beneficiaries	<p>\$40 billion retiree pensions</p> <ul style="list-style-type: none">▪ 115,000 current retiree beneficiaries
Pension pretty well funded	Pensions almost fully unfunded
OPEB Issues	OPEB issues

Big Lessons from Detroit

- ❖ Extremely political process
- ❖ City's most valuable asset (art museum) protected, but other City assets used to satisfy creditors
- ❖ State and charities contributed
- ❖ Heavy use of court mediators affected result

Key Contact



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Sam J. Alberts is a partner in Dentons' Restructuring, Insolvency and Bankruptcy Group. Ranked by *Chambers USA*, Sam has extensive experience in both in- and out-of-court restructurings, in the United States and abroad. Named in *Best Lawyers in America* (2017) for the seventh consecutive year, Sam has represented creditors, debtors, committees, governmental and nongovernmental entities and other parties in many large and complex insolvency matters. Recommended by *The Legal 500 US*, Sam has extensive investigation and first-chair litigation experience, and has performed significant work with respect to matters involving distressed healthcare entities and financial institutions. In 2016, Sam was recognized in *The Deal Pipeline's* "Top Bankruptcy Lawyers" league table and as a "Local Litigation Star" in the District of Columbia by *Benchmark Litigation*.

US Restructuring, Insolvency and Bankruptcy

Recent Recognition

Nationally ranked for Corporate Insolvency (including Bankruptcy) and Restructuring (including Bankruptcy): Municipal

THE LEGAL 500 US (2015-2016)

Recommended: Robert E. Richards (IL), D. Farrington Yates (NY), Sam Alberts (DC), Carole Neville (NY), Claude Montgomery (NY)



Ranked No. 1 in Top Bankruptcy Law Firms

THE DEAL PIPELINE (2016)

Ranked in Top Lawyers: Gary Marsh (GA), Sam J. Alberts (DC), Gregg Kleiner (SF), Michael Isaacs (SF), Charles Maher (SF), Oscar Pinkas (NY)



Nationally ranked in Bankruptcy and Creditor Debtor Rights / Insolvency and Reorganization Law

U.S. NEWS AND WORLD REPORT - BEST LAWYERS® "BEST LAW FIRMS" (2016)

Ranked in Bankruptcy/Restructuring—Illinois and Georgia

CHAMBERS USA (2016)

Recommended: Robert Richards (IL), Gary Marsh (GA), Sam J. Alberts (DC), Fruman Jacobson (IL), Robert B. Millner (IL), Samuel R. Maizel (Healthcare, CA)



The team is recognized as "smart, organized and personable" and "responsive and expert in their areas," and hailed by clients as their "go-to firm."

CHAMBERS USA (2016)



Recognized Practitioner in Bankruptcy/ Restructuring—US region

CHAMBERS GLOBAL (2015)

US Restructuring, Insolvency and Bankruptcy

Recent Recognition cont'd

Ranked No. 2 in Bankruptcy 100
LAW360 (2015)



Winner of “**Restructuring of the Year**” for the Chapter 9
Reorganization of the City of Detroit
THE M&A ADVISOR (2014)



Winner of the **2016 Private Equity Turnaround of the Year Award** in
association with ArcLight for representation of the Official Committee of
Unsecured Creditors of Hovensa LLC, **2015 Turnaround Atlas Award**
for Turnaround of the Year for the Chapter 9 Plan of Reorganization of
the City of Detroit and the **2014 Turnaround Atlas Award** for the debt
restructuring of the City of Harrisburg, Pennsylvania
GLOBAL M&A NETWORK (2014-2016)

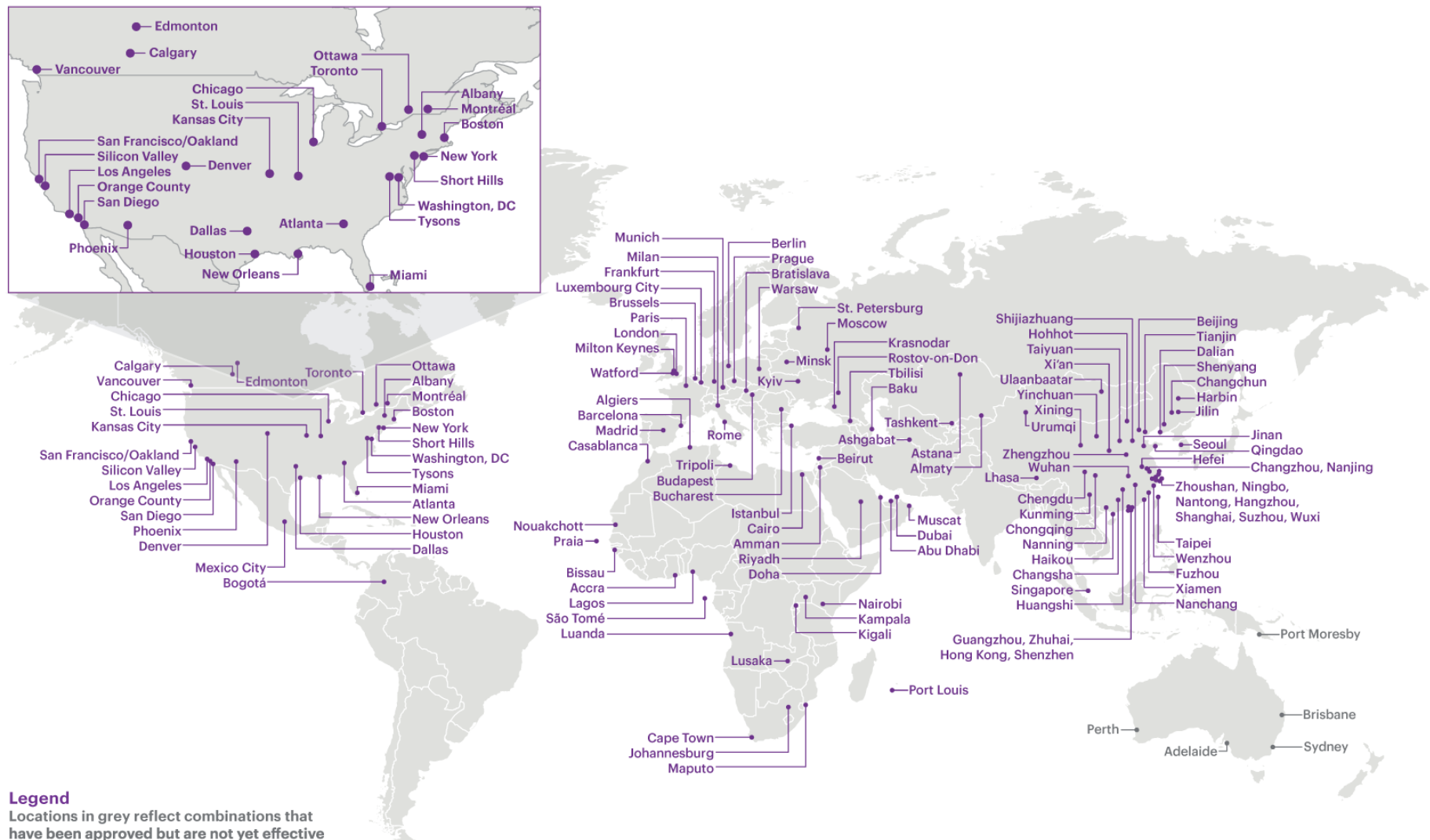


Winner of the **Turnaround of the Year Award** for *In re* Cliffs Club &
Hospitality Group Inc.
TURNAROUND MANAGEMENT ASSOCIATION GEORGIA (2013)



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Our Locations



Thank you

The logo for Dentons, featuring the Chinese characters "大成" followed by the word "DENTONS" in a bold, sans-serif font, all contained within a purple arrow-shaped graphic pointing to the right.

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