

Orr expected to offer Detroit's creditors 10 percent of what city owes, source says

Detroit Emergency Manager Kevyn Orr has set a meeting with city creditors for June 14 and is expected to offer them about 10 percent of what they are owed as part of plans to fix the city's finances, according to a source.

The private meeting is scheduled to include about 150 of the city's creditors, insurers of those creditors and labor unions. During the meeting in the **Westin Hotel at Detroit Metropolitan Airport**, Orr will "present to the creditors and the unions what he believes is the best solution to right-size the city's operations so we can continue to provide basic and essential services to the city of Detroit," said Bill Nowling, Orr's spokesman.

A source with knowledge of the ongoing restructuring efforts, who spoke on the condition of anonymity, said creditors are expected to be asked to accept a deal in which they would be paid about 10 percent of what they are owed.

"It's going to be a very open conversation covering a wide range of issues," the source said.

Detroit's money woes include a \$380 million budget deficit and more than \$15 billion in debt and other liabilities.

Orr will address reining in the city's long-term debt and fixing budget deficits. Many of the solutions he presents will be folded into his financial and operations plan he delivered to the state **Department of Treasury** on May 13, Nowling said.

Nowling said that while the particulars of Orr's strategy will first be presented to the meeting's attendees that day, "they know how dire our finances are."

"It wouldn't be proper for us to comment on any of the proposals we ask creditors to do until they've had an opportunity to see it and respond to it," Nowling said. "We can't negotiate openly. There is probably going to be a time when you're going to hear a lot of things flying around."

Jim McTevia, president of Bingham Farms-based turnaround consulting firm **McTevia & Associates**, said he "would move (the city) into Chapter 9 in a minute."

"The suggestion that creditors are only going to get pennies on the dollar is not new," he said. "I was predicting that months, years, ago, so it's no surprise that that's exactly what's going to happen."

"(Creditors) taking an adversarial position and insisting on more is, in my opinion, wasting time. Detroit needs to pay what they can pay them, and then move on. Once these creditors take whatever hit they are going to have to take, Detroit will be in a much stronger position."

Nowling said the city is current on all of its obligations and Orr intends to keep the city current.

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