[Bond Case Briefs]

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[Detroit Seeking Municipal Finance Expert to Assess Bankruptcy Exit Plan.]

Call it the job posting of the year in municipal finance.

Detroit bankruptcy Judge Steven Rhodes is seeking an expert witness to assess the feasibility of the city's proposed restructuring plan.

Whomever gets the job is poised to become one of the most influential players in Detroit's bankruptcy.

Cue a rush of resumes.

The judge Monday asked the city and creditors to respond to his proposal to hire an outside expert to assess the viability of Detroit emergency manager Kevyn Orr's proposed plan of adjustment.

Rhodes proposed an impartial expert with an expertise in municipal finance, a "demonstrable interest in and concern for" Detroit's future and no conflicts of interest.

The person could become a star witness in the high-profile mid-July trial over whether the city's restructuring is fair and equitable, a proceeding called a "plan confirmation hearing."

"All interested parties are ordered to show cause why the Court should not appoint one or more expert witnesses to provide a report and to give testimony regarding the feasibility of the City's plan of adjustment and the reasonableness of the City's assumptions regarding its revenues, expenses and plan payments," Rhodes said in written order.

Separately, Rhodes also ordered Detroit to hand over additional information on how it plans to spend $120 million in fresh debt from Barclays.

Rhodes previously scheduled an April 2 hearing to decide whether to allow Detroit to borrow the cash from the London-based bank in a deal that was renegotiated after a previous bankruptcy financing transaction collapsed.

He said he wants the city to disclose all the terms of the new deal, including fees and any provisions that would affect the interest rate. And he ordered Detroit to detail exactly how it plans to spend the money on so-called "quality of life" improvement projects.

Orr spokesman Bill Nowling told the Free Press recently that the city would use the money to invest in services.

In January, the judge approved a first version of the $120 million loan, but the deal had to be renegotiated and re-approved after Rhodes rejected a debt settlement deal with two different banks that was tied to the Barclays transaction.

Meanwhile, Rhodes signaled that he wants to hire an expert in municipal finance who will “exercise fair, unbiased and independent judgment” to deliver a report and testify on Orr’s plan of adjustment.

If he can’t find a single qualified witness to assess the entire plan, he could appoint multiple witnesses to cover various issues in the plan of adjustment.

The city would pay for the expert and the expert’s staff.

The city and creditors will have a chance to a file comments on the proposal before Rhodes decides whether to authorize it.

By Nathan Bomey

BY MCCLATCHY NEWS | MARCH 25, 2014