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## Snyder signs 'grand bargain,' urges retirees to approve Detroit restructuring plan

By [Chris Gautz](#)

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Gov. Rick Snyder officially authorized \$195 million in state help for Detroit, signing the "grand bargain" of legislation intended to boost the city out of bankruptcy.

The state's contribution of \$195 million, along with \$366 million from foundations and a \$100 million pledge from the **Detroit Institute of Arts**, would replace hundreds of millions of dollars being cut from retiree pensions, while stopping bond insurers and other creditors from forcing the sell-off of city-owned art such as Van Gogh's "Self Portrait." The money would come over 20 years, placing the value at about \$816 million.

As part of the deal, the artwork will go into a charitable trust.

Retirees and city workers have until July 11 to vote on the proposal, which is included in state-appointed emergency manager Kevyn Orr's plan for Detroit's restructuring. The city filed for the largest municipal bankruptcy in history last summer, and a trial on the restructuring is set for August. Orr has said he hopes to have Detroit out of bankruptcy by the end of this summer.

In Detroit this morning, Snyder urged Detroit pensioners to vote in favor of a restructuring plan for the bankrupt city, telling *The Associated Press* that if they vote no, "they're much worse off financially."

Lawmakers insisted on state oversight of Detroit finances before committing the money. Foundation leaders, lawmakers and city officials - including Detroit Mayor Mike Duggan attended the ceremony, where Snyder signed the bills at a metal, industrial-style desk.

"None of this could have happened if you didn't believe in Detroit," Rep. John Walsh, R-Livonia, told the crowd.

U.S. District Judge Gerald Rosen, the mediator in the Detroit bankruptcy case, also urged the retirees to vote in favor of the restructuring plan. He said today's signing was not a victory lap; "there are a few more laps to run," Rosen said.

As Rosen spoke, he started by thanking the foundation community.

"None of this would have been possible without our foundation partners coming forward," Rosen said.



CHRIS GAUTZ/CRAIN'S DETROIT BUSINESS

Gov. Rick Snyder addresses the crowd inside the former Globe Trading Co. building on the Detroit riverfront on Friday morning before signing the Detroit bankruptcy bills.

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The signing happened inside the former **Globe Trading Co.** building on the Detroit riverfront. The building is being turned into a 43,000-square-foot outdoor activity center for the **Michigan Department of Natural Resources.** ([More about the building here.](#))

The bills authorize a \$194.8 million payment to the settlement authority, and includes oversight going forward.

The money will come from the state's rainy day fund. For the next 20 years, the fund will be replenished with annual payments of \$17.5 million that will come from the state's tobacco settlement revenue.

The bills also include the creation of a nine-member financial review commission which will be tasked with approved all contracts worth more than \$750,000, or that exceed two years in length. It also requires the city to hire a chief financial officer, adopt a four-year financial plan and conduct a revenue estimating conference each February and September, much the same way the state does.

Rep. Thomas Stallworth III, D-Detroit, said despite all of the many groups, foundations and leaders of both parties that support this plan, there are still many who are not supportive.

As he has traveled the community, he said he has heard of fears and frustrations with the cut in pensions and, he said, to a great extent he shares those fears.

"While there is justification for mistrust, this package of bills really does represent the best possible option for our city," Stallworth said.

Stallworth, like everyone on stage, urged retirees to vote in support of the plan.

In a meeting with reporters afterward, Orr also urged retirees to approve of the plan.

"You have to vote yes, because if you don't it just gets worse," he said.

If retirees vote it down, Orr said his Plan B is for the cuts to pensioners to be even higher, and the more than \$800 million that the state and foundations and other have raised goes away. In that scenario, Orr said it's highly likely the financial creditors will say the retirees had a chance to help themselves and they said "no," so the financial creditors will ask for more than they would have under the original plan.

*The Associated Press contributed to this report.*

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