

**EXHIBIT 3**



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Re Engagement Agreement

To the Official Committee of Retirees of the City of Detroit:

This engagement letter and the associated Terms of Business, attached hereto, shall confirm the terms under which you in your capacity as the Official Committee of Retirees of the City of Detroit, Michigan (the "Retiree Committee"), duly appointed on August 22, 2013, by the United States Trustee for Region 9 in the chapter 9 case (the "Chapter 9 Case") of the City of Detroit (the "City" or the "Debtor") pending in the United States Bankruptcy Court for the Eastern District of Michigan (the "Court") and captioned *In re City of Detroit, Michigan*, Case No. 13-53846 (SWR) (the "Case"), has agreed to retain Dentons US LLP ("Dentons US")<sup>1</sup> (collectively with Dentons US "Dentons" or "we") and we have agreed to serve as your counsel.

1. **Scope of Representation.** Effective as of August 28, 2013, we anticipate that Dentons will provide the following services to you:

- a. to give legal advice with respect to the Retiree Committee's powers and duties in the context of this case;
- b. to assist and advise the Retiree Committee in its consultation with the Debtor and others regarding the administration of this case;
- c. to attend meetings and negotiate with the Debtor's representatives and others;
- d. to appear, as appropriate, before the Court, the relevant Appellate Courts, and the United States Trustee, and to represent the interests of the Retiree Committee before said Courts and the United States Trustee;
- e. to advise the Retiree Committee in connection with proposals and pleadings submitted by the Debtor or others to this Court;
- f. to generally prepare on behalf of the Retiree Committee all necessary applications, motions, answers, orders, reports and other legal papers in support of positions taken by the Retiree Committee;

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<sup>1</sup> The retention of Dentons US includes the retention of Dentons' Verein affiliate Salans FMC SNR Denton Europe LLP ("Dentons Europe") and individuals in its New York office. See Section 3, Engagement Agreement.

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- g. to assist the Retiree Committee in the review, analysis and negotiation of any plan(s) of adjustment that may be filed and to assist the Retiree Committee in the review, analysis, and negotiation of the disclosure statement accompanying any plan(s) of adjustment;
- h. to take all necessary action to protect and preserve the interests of retirees represented by the Retiree Committee, including: (i) to investigate and prosecute actions on the Retiree Committee's behalf, (ii) challenge the City's eligibility to use Chapter 9 to terminate retirement promises and (iii) to conduct negotiations concerning all litigation in which the Debtor are involved;
- i. to advise the committee on the retention of other professionals and experts to assists in the engagement, including local counsel; (Although Claude Montgomery is a member of the bar of the State of Michigan and previously admitted to the US District Court for the Eastern District of Michigan and the Sixth Circuit Court of Appeals, we have advised that the retention of local counsel is appropriate.);
- j. to retain expert professional assistance and witnesses, as necessary; and
- k. to perform all other necessary legal services for the Retiree Committee in connection with this Case.

2. **Terms of Business.** You have our Terms of Business, applicable to all Dentons related activities in this case. Unless stated otherwise, defined terms in this letter have the meaning stated in the Terms, provided that Dentons waives and shall not charge any interest for late payments . In the event of a conflict between the terms of this letter and the Terms, the provisions of this letter shall control.

3. **Our Team and Charges.** We have agreed to charge our standard rates for this engagement, subject to the following qualifications. We have agreed that we would not exceed the hourly rate charged by Jones Day for each of its attorneys with comparable local bar admission dates for their representation of the City in the Case. In addition, we have agreed to charge the Committee \$750 per hour for Claude Montgomery, \$705 for Sam Alberts, and \$985 for Carole Neville, subject to the further adjustment not to exceed comparable Jones Day rates. Finally, our billing rates are subject to adjustment by us from time to time (typically at year-end), and fees will be charged at the rates in effect when the services are performed after notice of such adjustment to you and the Court.

Our fees are subject to review by a Fee Examiner appointed in the Case and City pursuant to an Order of the Court. [Dkt# 810]

Our fees will be based upon the time devoted to the work Time is charged in tenths of an hour. We maintain detailed time records which will be submitted monthly to the Retiree Committee, and periodically in accordance with the Fee Examiner Order, Dentons will submit redacted time records to the City, and the Fee Examiner.

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Dentons is a leading international law firm created by the combination of SNR Denton, Fraser Milner Casgrain, and Salans (the "Combination"). The Combination was effectuated by the use of a Swiss vereine structure, comparable to an association of limited partnerships which has the effect of the member firms remaining independently responsible for their financial and ethical obligations under the laws of the jurisdiction of their formal organization. Attorneys from the New York office of the Salans FMC SNR Denton Europe LLP, including Claude Montgomery and the other individuals expected to assist in the engagement, will relocate to the New York office of Dentons US and join Dentons US effective October 1, 2013. Under the terms of the Combination, Salans will retain the economic benefit and responsibilities for the costs of its former partners and members until December 31, 2013. In addition, under the terms of the combination, there may be certain expense sharing relating to those transferring individuals during 2014.

4. **Retainer.** Under the terms of the order appointing the Retiree Committee, we accept that payment for our services will be made by the City. Therefore, no retainer is required and we will not look to any of the members of the Retiree Committee for payment of fees or expenses.

5. **Conflicts.** Our Terms include provisions regarding conflicts. We are also bound by the conflict rules of the Court and the Bankruptcy Code.

We are required by the Bankruptcy Code to establish that Dentons is "disinterested" which is defined in the Bankruptcy Code to mean that the firm (A) is not a creditor or an insider of the City; (B) is not and was not, within 2 years before the date of the filing of the petition, a director, officer, or employee of the City; and (C) does not have an interest materially adverse to the interest of the estate or of any class of creditors or the retirees, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason.

To meet that requirement, we have conducted a comprehensive check of our firm's representations and will file a declaration with the Court that based on the information we have to date, we are disinterested.

**Simultaneous Representation.** Although there are entities which may be creditors of the City which are also current or past clients of Dentons, while we are engaged by the Retiree Committee, Dentons will not represent any other party in the Case on matters in the Case.

Please feel free to contact us if you have any questions or comments with regard to this letter. If this letter is in accordance with your understanding of our engagement, please execute this letter in the space provided below and return it to me. I apologize for the formality required in the tone of this letter. Please be assured that we look forward to working with you on this matter.



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Please confirm your agreement with the provisions of this Letter and the Terms by promptly signing the enclosed copy of this Letter and returning it to me in the enclosed envelope. The original is for your records.

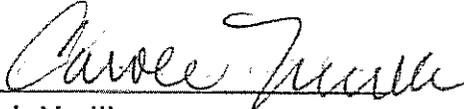
In the interim, however, we will commence work based upon the understanding contained in this Letter and the Terms.

Should you have any questions as to this Letter, the Terms or any other aspect of our representation of you please do not hesitate to contact me.

We are very pleased to have this opportunity to work with you.

Sincerely,

Dentons US LLP

By:   
Carole Neville

Approved and Accepted:



Terri Renshaw, Chair of the Official Committee of Retirees