

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

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In re	: Chapter 9
	:
CITY OF DETROIT, MICHIGAN,	: Case No. 13-53846
	:
Debtor.	: Hon. Steven W. Rhodes
	:
	:
-----X	:

**NOTICE OF REVISED EXHIBITS IN CONNECTION  
WITH CORRECTED MOTION OF THE CITY OF  
DETROIT FOR ENTRY OF AN ORDER ESTABLISHING  
SUPPLEMENTAL PROCEDURES FOR SOLICITATION  
AND TABULATION OF VOTES TO ACCEPT OR REJECT PLAN  
OF ADJUSTMENT WITH RESPECT TO PENSION AND OPEB CLAIMS**

**PLEASE TAKE NOTICE THAT:**

1. On April 10, 2014, the City of Detroit (the "City") filed the *Corrected Motion of the City of Detroit for Entry of an Order Establishing Supplemental Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment with Respect to Pension and OPEB Claims* (Docket No. 3943) (the "Motion").

2. Attached to the Motion were the following exhibits:

Exhibit 1: Proposed Order

Exhibit 2: Notice

Exhibit 4: Certificate of Service



Exhibit 6A: Confirmation Hearing Notice

Exhibit 6B: Pension/OPEB Tabulation Rules

Exhibits 6C.1 – 6C.3: Plain Language Inserts

Exhibits 6D.1 – 6D.5: Ballots

3. Subsequent to the filing of the Motion, the City conferred and negotiated with the Retiree Committee, the Retirement Systems and other parties in interest regarding the forms of the exhibits to the Motion.

4. The City has modified certain of the exhibits to the Motion to reflect the results of the parties' negotiations. Accordingly, the following amended exhibits are attached hereto, which exhibits shall replace the corresponding exhibits previously attached to the Motion:

Exhibit 1: Amended Proposed Order

Exhibit 6B: Amended Pension/OPEB Tabulation Rules

Exhibits 6C.1 – 6C.3: Amended Plain Language Inserts

Exhibits 6D.1 – 6D.5: Amended Ballots

5. Redlines comparing each of the amended exhibits to its corresponding exhibit to the Motion are attached hereto as Exhibits 7A through 7J.

Dated: April 16, 2014

Respectfully submitted,

/s/ Heather Lennox

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ATTORNEYS FOR THE CITY

**EXHIBIT 1**

**Amended Proposed Order**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

-----X	:
In re	: Chapter 9
	:
CITY OF DETROIT, MICHIGAN,	: Case No. 13-53846
	:
Debtor.	: Hon. Steven W. Rhodes
	:
-----X	:

**ORDER ESTABLISHING SUPPLEMENTAL  
PROCEDURES FOR SOLICITATION AND  
TABULATION OF VOTES TO ACCEPT OR REJECT PLAN  
OF ADJUSTMENT WITH RESPECT TO PENSION AND OPEB CLAIMS**

This matter came before the Court on the *Corrected Motion of the City of Detroit for Entry of an Order Establishing Supplemental Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment with Respect to Pension and OPEB Claims* (Docket No. \_\_\_\_ ) (the "Motion").<sup>1</sup> The Court (a) reviewed the Motion, all objections thereto and the amended exhibits attached to the *Notice of Revised Exhibits in Connection with Corrected Motion of the City of Detroit for Entry of an Order Establishing Supplemental Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment with*

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning given to them in the Motion.

*Respect to Pension and OPEB Claims* (Docket No. \_\_\_\_\_) (the "Notice of Amended Exhibits"), (b) heard the statements of counsel regarding the relief requested in the Motion at a hearing before the Court (the "Hearing") and (c) reviewed the amended rules for solicitation and tabulation (the "Pension/OPEB Tabulation Rules") attached as Exhibit 6B to the Notice of Amended Exhibits. The Court has determined, after due deliberation, that (a) it has jurisdiction over this matter, (b) this is a core proceeding, (c) notice of the Motion and the Hearing was adequate under the circumstances and (d) the relief requested in the Motion is fair, equitable and in the best interests of the City, its creditors and other parties in interest.

Accordingly, it is hereby ORDERED that:<sup>2</sup>

1. All objections, if any, to the Motion are overruled in their entirety, and the Motion is granted as set forth in this Order.
2. The Supplemental Solicitation Procedures set forth in the Motion, as amended in the Pension/OPEB Tabulation Rules, provide a fair and equitable noticing and voting process with respect to Pension Claims and OPEB Claims and satisfy the requirements of title 11 of the United States Code (the "Bankruptcy Code"), including sections 105(a), 1125, 1126 and 1128 of the Bankruptcy Code;

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<sup>2</sup> To the extent any finding of fact in this order constitutes a conclusion of law, it is adopted as such. To the extent any conclusion of law in this order constitutes a finding of fact, it is adopted as such.

the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), including Bankruptcy Rules 2002, 3017, 3018, 3020, 9007 and 9008; the Local Rules of the Bankruptcy Court for the Eastern District of Michigan (the "Local Rules"), including Local Rules 3017-1 and 3018-1; and the requirements of due process.

3. The record date for determining (a) each Pension Claimant's employment status and (b) the amount of each OPEB Claim shall be March 1, 2014 (the "Pension/OPEB Record Date"). The Pension/OPEB Record Date shall be used for purposes of estimating Pension and OPEB Claims pursuant to the Claim Estimation Procedures and for purposes of voting on the Plan.

4. The Pension/OPEB Solicitation Package shall be required to include only the following information and documents:

- a. a copy of the Confirmation Hearing Notice (which generally conforms to the notice of confirmation hearing attached as Exhibit 6A to the Solicitation Procedures Motion, consistent with paragraphs 17 and 20 of the Primary Solicitation Procedures Order);
- b. a CD-ROM which includes the Plan, the Disclosure Statement and all exhibits to either document that have been filed with the Court prior to the date of the mailing of the Pension/OPEB Solicitation Package;
- c. the appropriate form of Ballot for voting on the Plan;
- d. a Ballot return envelope;
- e. a copy of the Pension/OPEB Tabulation Rules;
- f. a copy of the applicable Plain Language Insert;

- g. a cover letter (i) describing the contents of the Pension/OPEB Solicitation Package, (ii) describing the contents of the CD-ROM and instructions for using the CD-ROM and (iii) providing information about how to obtain, at no charge, hard copies of any materials provided on the CD-ROM; and
- h. letters from the PFRS or GRS, as applicable, the Retired Detroit Police and Fire Fighters Association and possibly from other parties.

5. The Plain Language Inserts, substantially in the forms attached to the Notice of Amended Exhibits as Exhibits 6C.1, 6C.2 and 6C.3, are hereby approved.

6. The forms of the Ballots attached to the Notice of Amended Exhibits as Exhibits 6D.1 through 6D.5 are consistent with Official Form 14 and are hereby approved.

7. The Pension/OPEB Tabulation Rules, including the Claim Estimation Procedures, establish a fair and equitable voting process and are hereby approved.

8. Solely for purposes of voting to accept or reject the Plan, and not for the purpose of allowance of, or distribution on account of, any claims, and without prejudice to the rights of the City in any other context, each Pension Claim and OPEB Claim shall be temporarily allowed in accordance with the Pension/OPEB Tabulation Rules.

9. The Supplemental Solicitation Procedures will provide sufficient notice to all Pension and OPEB Claimants of the Pension/OPEB Record Date, the

Voting Deadline, the Pension/OPEB Tabulation Rules and the Confirmation Hearing.

10. Except to the extent inconsistent with the relief granted herein, the relief granted in the Court's *Order (I) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan or Adjustment and (II) Approving Notice Procedures Related to Confirmation of the Plan of Adjustment* (Docket No. 2984) (the "Primary Solicitation Procedures Order") shall apply to Pension and OPEB Claims and Pension and OPEB Claimants, including, but not limited to, the following:

- a. The City, through Kurtzman Carson Consultants LLC as Balloting Agent, shall send a Pension/OPEB Solicitation Package, no later than May 1, 2014,<sup>3</sup> to each Pension and OPEB Claimant identified by the City, after consultation with the Retiree Committee and the Retirement Systems, as of the Pension/OPEB Record Date, regardless of whether such claimant is listed on the List of Creditors or has filed a proof of claim.
- b. All Ballots submitted by Pension and OPEB Claimants must be properly executed, completed and delivered to the Balloting Agent either by (i) mail in the return envelope provided with each Ballot, (ii) overnight courier or (iii) personal delivery so that, in each case, all Ballots are received by the Balloting Agent no later than 5:00 p.m. Eastern Time on June 30, 2014.
- c. The Confirmation Hearing Notice substantially in the form attached to the Motion as Exhibit 6A, is substantially the same

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<sup>3</sup> See *Third Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor's Plan of Adjustment* (Docket No. 3632).

as the notice approved pursuant to paragraph 17 of the Primary Solicitation Procedures Order, and thus, the City is authorized to include a copy of the Confirmation Hearing Notice in the Pension/OPEB Solicitation Packages pursuant to paragraph 20 of the Primary Solicitation Procedures Order, which permits the City to make non-substantive and immaterial changes to the Confirmation Hearing Notice.

11. The City is authorized to make non-substantive or immaterial changes to the Plan (in accordance with the terms thereof and section 942 of the Bankruptcy Code), the Ballots, the Pension/OPEB Tabulation Rules, the Confirmation Hearing Notice, the Pension/OPEB Solicitation Packages, the Plain Language Inserts and all related documents, without further order of the Court, including, but not limited to (a) ministerial changes to correct typographical and grammatical errors, (b) conforming changes among the Disclosure Statement, the Plan, the Ballots and any other materials in the Pension/OPEB Solicitation Packages prior to the mailing thereof and (c) altering the format of such documents to facilitate their efficient distribution.

12. Upon occurrence of any material modification, amendment or alteration to or of the proposed Plan, or the filing by the City of any alternative plan of adjustment under chapter 9 of the Bankruptcy Code, any Pension Claimant, OPEB Claimant and/or the Retiree Committee shall be entitled to file a motion with this Court requesting any appropriate relief on an expedited basis, including, without limitation, entry of an order modifying, vacating or amending: (a) this

Order, (b) any of the Supplemental Solicitation Procedures and/or (c) the Pension/OPEB Tabulation Rules.

13. Nothing contained in this Order shall affect the Consultation Parties' right to object to the classification and treatment of Pension and OPEB Claims in the Plan.

14. Nothing contained in this Order, in any exhibits approved in connection with the Motion, or in any other order approved by the Court in connection with the Disclosure Statement, shall (a) be deemed a finding by the Court that active City employees have no entitlement to OPEB Claims or (b) in any way limit or prevent creditors or parties in interest from objecting to Plan confirmation on any basis, including on the grounds that the plan impermissibly bars active employees with vested retirement benefits from asserting OPEB Claims.

15. The terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

16. The City and its counsel are authorized, in their discretion, to take or refrain from taking any action necessary or appropriate to effectuate the terms of and relief granted by the Order in accordance with the Motion and without further order of the Court.

17. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and enforcement of this Order.

**Exhibit 6B**

**Amended Pension/OPEB Tabulation Rules**

## **PROPOSED RULES FOR TABULATION OF PENSION/OPEB BALLOTS**

- I. The following procedures (the "Claim Estimation Procedures")<sup>1</sup> shall be used for estimating the value of Pension Claims and OPEB Claims for purposes of voting:
- a. For Pension Claims, the three actuarial firms involved in this case — Milliman, Inc. ("Milliman") for the City; Gabriel, Roeder, Smith & Company ("Gabriel Roeder") for the Retirement Systems; and The Segal Company ("Segal") for the Retiree Committee — have completed independent valuations of the two Retirement Systems' assets and liabilities for the fiscal year ended June 30, 2013, using census data provided by the Retirement Systems. Those valuations will be the basis for the estimations of each Pension Claimant's claim solely for voting purposes.
  - b. Class 10 – Detroit Police & Fire Retirement System
    - (i) The Retirement Systems will prepare and provide to all actuaries four Microsoft Excel spreadsheets identifying: (A) PFRS active employees and former employees that have earned a pension but have not yet retired; (B) PFRS current retirees and surviving spouses; (C) GRS active employees and former employees that have earned a pension but have not yet retired; and (D) GRS current retirees and surviving spouses (the "Four Pension Categories").
    - (ii) For purposes of providing an estimated claim for voting purposes for PFRS claimants, Segal will prepare individual claim calculations for current retirees based on its valuation of the current retiree PFRS Unfunded Actuarial Accrued Liability ("UAAL"). Milliman will prepare individual claim calculations for active employees and former employees who have earned a pension but have not yet retired based on its valuation of the PFRS UAAL and utilizing a formula that takes into account age, years of service and a unit factor to be based on the non-retiree UAAL.
  - c. Class 11 – Detroit General Retirement System
    - (i) The Retirement Systems will prepare and provide to all actuaries four Microsoft Excel spreadsheets identifying the Four Pension Categories.
    - (ii) For purposes of providing an estimated claim for voting purposes for GRS claimants, Segal will prepare individual claim calculations for current retirees based on its valuation of the current retiree GRS UAAL.

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning given to them in the *Corrected Motion of the City of Detroit for Entry of an Order Establishing Supplemental Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment with Respect to Holders of Pension and OPEB Claims*.

Milliman will prepare individual claim calculations for active employees and former employees who have earned a pension but have not yet retired based on its valuation of the GRS UAAL and utilizing a formula that takes into account age, years of service and a unit factor to be based on the non-retiree UAAL.

- (iii) Solely with respect to Class 11 Pension Claimants who, between July 1, 2003 and June 30, 2013, received interest credits in their ASF accounts of at least 7.9%, even if actual investment returns were less than 7.9%, pursuant to Section II.B.3.u.ii.D of the Plan, the City will recalculate the value of any such claimant's ASF account using the actual investment returns (the "Actual Return") for each year between July 1, 2003 and June 30, 2013. The City will subtract the value of any such claimant's ASF account using the Actual Returns from the value of the claimant's ASF account as of June 30, 2013 to determine that claimant's "Annuity Savings Fund Excess Amount." The Annuity Savings Fund Excess Amount will be deducted from the claimant's ASF account and will be used to satisfy all Class 11 Claims. For any claimant who participated in the ASF at any time during the period July 1, 2003 through June 30, 2013 and who has already received a distribution from ASF, the City will convert that claimant's Annuity Savings Fund Excess Amount into an annual amount (the "Annual Deduction") based on the claimant's life expectancy and other factors. The Annual Deduction will then be deducted from the claimant's annual pension amount each year going forward.

d. Class 12 – OPEB Claims

- (i) Utilizing the data available for holders of OPEB Claims as of the Pension/OPEB Record Date as provided to Milliman by the Retirement Systems, and for purposes of establishing individual claim amounts for voting purposes only, Milliman will estimate for each current retiree or such retiree's surviving beneficiaries who were enrolled in or eligible for retiree health insurance as of March 1, 2014, the present value for the City to continue the health coverage that was in effect (or available) for such person immediately prior to March 1, 2014, assuming that such coverage would continue for the remainder of such retiree's or survivor's expected life. The present value of such coverage also shall include the value to provide dependent health insurance coverage to such retiree's dependents until such dependents reach age 26.

- II. Unless otherwise provided in the Pension/OPEB Tabulation Rules, and regardless of any proofs of claim that have been, or may be, filed by or on behalf of a Pension or OPEB Claimant, a Pension or OPEB Claim will be deemed temporarily allowed for voting purposes in the amount calculated pursuant to the Claim Estimation Procedures.

- III. If a party submits a Ballot (a) that does not correspond to an identifiable Pension or OPEB Claimant as of the Pension/OPEB Record Date, or (b) that corresponds to a Pension Claim or OPEB Claim that has been disallowed, waived or withdrawn, then such Ballot will not be counted unless otherwise ordered by the Court.
- IV. Any Ballot that does not indicate either an acceptance or rejection of the Plan, or indicates both an acceptance and a rejection of the Plan, will not be counted.
- V. Any Ballot that is not executed shall not be counted.
- VI. If a Pension Claimant casts more than one Ballot voting the same Pension Claim, or an OPEB Claimant casts more than one Ballot voting the same OPEB Claim, the latest-dated properly executed Ballot received before the Voting Deadline will supersede any other previously-received Ballots.
- VII. Any Pension or OPEB Claimant with more than one claim in a particular Class (e.g., a surviving spouse who is receiving a survivor's pension from the City, but who also worked for and is retired from the City and receives his or her own separate City pension) must vote all such claims in that Class either to accept the Plan or to reject the Plan. If any such Pension or OPEB Claimant casts a Ballot or Ballots purporting to split its vote with respect to claims in the same Class, the Ballot or Ballots will not be counted.
- VIII. Any Pension Claimant or OPEB Claimant with claims in more than one Class must submit a separate Ballot for each class. If a Pension Claimant or OPEB Claimant uses a single Ballot to vote claims in more than one Class, that Ballot will not be counted. Thus, a retiree who receives both a pension and retiree health insurance benefits from the City must submit a separate Ballot for his or her Pension Claim and OPEB Claim.
- IX. Ballots delivered by email, fax or any other electronic method will not be counted.
- X. To the extent the City determines that a Class 10, 11 or 12 Ballot shall not be counted pursuant to section III, IV, V, VII, VIII or IX above, the City shall confer with the Retiree Committee in good faith to attempt to resolve any deficiencies in such Ballot. If any such deficiencies are not resolved by the date that is 5 days prior to the deadline for filing the Pension/OPEB Ballot Tabulation Summary, then such Ballot shall not be counted.
- XI. The Balloting Agent shall date-stamp (and if necessary, time-stamp) all Ballots when received. The Balloting Agent shall retain all original Ballots and an electronic copy of each for a period of one year after the effective date of the Plan, unless otherwise ordered by the Court.
- XII. The Balloting Agent shall prepare a summary of the results of the tabulation of all Ballots cast by or on behalf of Pension and OPEB Claimants (the "Pension/OPEB Ballot Tabulation Summary"), which will include a certification of votes by the Balloting Agent, and which will identify, among other things, Ballots that were withdrawn and votes that were changed as a result of a superseding Ballot. The Pension/OPEB Ballot Tabulation Summary shall be (a) filed with the Court on or before July 11, 2014 and (b) may be part of the ballot tabulation summary described in the Primary Solicitation

Procedures (as approved by the Primary Solicitation Procedures Order). No personally-identifying information for any Pension or OPEB Claimant will be included in the Pension/OPEB Ballot Tabulation Summary.

- XIII. The City may waive any defects or irregularities as to any Ballot either before or after the Voting Deadline, and any such waivers shall be documented only in the Pension/OPEB Ballot Tabulation Summary.

**Exhibit 6C.1**

**Plain Language Insert – Class 10 PFRS Claims**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

-----X	:	
In re	:	Chapter 9
	:	
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
	:	
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**NOTICE REGARDING PROPOSED CHANGES TO PENSIONS  
IN THE CITY'S PLAN OF ADJUSTMENT**

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**Introduction**

This Notice gives (i) active and former employees who have earned pension benefits from the City of Detroit based on your employment and (ii) retirees or surviving beneficiaries who are currently receiving pension benefits from the City of Detroit Retirement Systems a short summary as to how the City's proposed plan of adjustment (the "**Plan**") and the restructuring described in the Plan will affect your future pension benefits.

This Notice provides you with:

- background information about the process for approval of the Plan by the Bankruptcy Court, and
- details about how the proposed Plan will impact your benefits.

**IF APPROVED BY THE BANKRUPTCY COURT, THE CITY'S PLAN OF ADJUSTMENT WILL REDUCE YOUR PENSION BENEFITS. YOU CAN VOTE FOR OR AGAINST THE PLAN, BUT YOU CANNOT AVOID A REDUCTION IN YOUR PENSION BENEFITS BY REFUSING TO VOTE ON THE PLAN.**

**YOUR VOTE MATTERS.**

**If the Plan is approved and the Outside Funding described in this Notice is approved, you will lose all of your rights to sue the City and the State to try to recover the full amount of your pension benefits under the Michigan Constitution or other laws.**

**PLEASE READ THIS ENTIRE NOTICE CAREFULLY. DETAILS OF HOW TO OBTAIN ADDITIONAL INFORMATION REGARDING THE CONTENTS OF THIS NOTICE ARE PROVIDED BELOW.**

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## ***BACKGROUND REGARDING DETROIT'S PENSION OBLIGATIONS***

The City sponsors and provides its employees with pension benefits through two separate pension funds – the General Retirement System ("**GRS**") and the Police and Fire Retirement System ("**PFRS**"). Generally, if you were a uniformed police or fire-fighter employee, you receive your pension payments through PFRS and, if you were a non-uniformed employee, you receive your pension payments through GRS. Generally, before the bankruptcy, the City was required to contribute cash into the GRS and PFRS so that these pension funds would have enough money to pay the pensions that you earned during your employment by the City.

At the time the City filed for bankruptcy, both GRS and PFRS were underfunded. "Underfunded" means that GRS and PFRS have enough assets to pay pensions in the short term, but they do not have enough assets to pay all pensions in full over the long term. The amount of the underfunding is a debt that the City owes to each pension fund (and those entitled to receive benefits from that fund). The underfunding debt creates a "claim" in the City's bankruptcy. The Plan proposes to restructure this debt through reductions in your pension benefits, contributions of money by outside funders to the Retirement Systems and the City's promise to fund the reduced benefit levels going forward.

**If you are either (i) retired, (ii) disabled or (iii) a surviving beneficiary of a City employee, and you are currently receiving a pension**, you have a "**Pension Claim**" in the bankruptcy in connection with this underfunding debt. As a holder of a Pension Claim, you have a right to vote on how the City proposes to reduce your pension benefits and the other terms of the Plan.

Similarly, **if you are an active employee of the City (or a former employee) who has earned the right to a pension upon your future retirement based on your years of service with the City**, you also have a "**Pension Claim**" in the bankruptcy. As a holder of a Pension Claim, you also have a right to vote on how the City proposes to reduce your pension benefits and the other terms of the Plan.

**BACKGROUND REGARDING**  
**DETROIT'S PLAN FOR THE ADJUSTMENT OF ITS DEBTS**

**The Plan and Disclosure Statement**

On April 16, 2014, the City of Detroit filed the Plan. The Plan is a legal document that contains the terms of the City's proposed restructuring. Among other things, the Plan proposes to reduce pension benefits and OPEB benefits.

Along with the Plan, the City also filed a document called the "Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit." That document is referred to as the "**Disclosure Statement.**" The Disclosure Statement provides more detailed information on various aspects of the proposed Plan and the City's bankruptcy case including, among other things:

- the circumstances leading up to the City filing for bankruptcy;
- key events during the bankruptcy case;
- a description of how the Plan will restructure the City's debts for different types of creditors, including retirees and active or former City employees, by reducing or changing the amounts it will pay and the timing and terms of repayment;
- how the City proposes to implement the Plan;
- the legal effects of approval of the Plan by the Bankruptcy Court;
- instructions regarding voting on the Plan; and
- risk factors associated with the Plan.

**Classification of Pension Claims in the Plan**

**Under the Plan, claims against the City are divided into different classes. Claims related to PFRS pensions are in Class 10.**

- **If you participate in PFRS, your Pension Claim is what the Plan calls a "PFRS Pension Claim." Your PFRS Pension Claim is included in Class 10 of the Plan.**
- The amount of all PFRS Pension Claims that has been estimated for purposes of voting on the Plan is \$1,284,000,000. This amount is equal to the estimated amount of the "underfunding" for PFRS as of June 30, 2013. That is, it is equal to the difference between the market value of the assets in PFRS as of June 30, 2013 and the present value of the liabilities of PFRS (in other words, the total amount of all PFRS pension benefits accrued by all City employees, former employees, retirees and survivors) as of June 30, 2013. If you are the holder of a PFRS Pension Claim, the value of your PFRS Pension Claim is equal to your share of this \$1,284,000,000 and is stated on the Ballot that you received with this Notice. The amount stated on your Ballot is the estimated amount of your PFRS Pension Claim **only for purposes of voting** on the Plan. It is not a promise by the City to pay that amount under the Plan. It is also not an estimate of your future pension checks.
- If you are an active or former employee who was not receiving a PFRS pension as of March 1, 2014, the actual value of your pension will not be calculated until you retire. Your claim and your pension are different things. For Plan voting purposes, your Ballot contains a rough estimate of your portion of the total PFRS Pension Claim based on your age and years of service.

**If you have both a Pension Claim and a claim for retiree healthcare benefits (called an "OPEB Claim" in the Plan), you will get a separate Ballot for each claim. You will also get a different Notice in addition to this Notice.**

## **The Solicitation Package and Voting**

On [\_\_\_\_], 2014, the Bankruptcy Court authorized the City to distribute the Plan and Disclosure Statement to its creditors and to solicit their votes to accept or reject the Plan. The Bankruptcy Court also authorized the City to send a paper copy of this Notice to you and others who receive pensions or retiree health or death benefits. This Notice and the other documents are intended to provide you with information on how the terms of the Plan will affect your benefits in the future. The accompanying Ballot is intended to allow you to cast your vote to accept or reject the Plan.

Your vote for or against the Plan will be counted and reported to the Bankruptcy Court and included in (i) the total number of votes cast for or against the Plan in your class and (ii) the total the amount of claims voting either for or against the Plan. **Your vote matters. You cannot avoid a reduction in your pension benefits by refusing to vote.**

If you would like to receive a paper copy of the Plan and the Disclosure Statement, you may obtain one, free of charge, by:

- calling the City's toll-free restructuring hotline at (877) 298-6236;
- visiting the City's restructuring website at [www.kccllc.net/detroit](http://www.kccllc.net/detroit); or
- writing to the City's claims and noticing agent at the following address:

City of Detroit c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
El Segundo, CA 90245

The package containing this Notice should also contain the following materials:

1. A cover letter describing: (a) the materials you received along with this Notice; (b) the contents of the enclosed CD-ROM and instructions with respect to its use; and (c) information about how to obtain, at no charge, paper copies of any materials provided on the CD-ROM.
2. A paper copy of the notice of the hearing before the Bankruptcy Court to consider whether to confirm – i.e., approve – the City's Plan (the "**Confirmation Hearing Notice**").

3. A CD-ROM containing the Plan and Disclosure Statement and exhibits to them that have been filed as of the date of this mailing (all of which are also available at no charge via the internet at <http://www.kccllc.net/detroit>).
4. A letter from the City recommending that you vote to accept the Plan.
5. Letters from PFRS, the Retired Detroit Police & Fire Fighters Association and possibly others.
6. A Ballot for your PFRS Pension Claim, with instructions on how to complete the Ballot, and a Ballot return envelope. Your Ballot for your PFRS Pension Claim has been customized to provide you with personalized information as to how the City estimates that the Plan will affect your monthly pension benefit payment if both pension classes (Class 10 and Class 11) accept the Plan or if one or more of them rejects the Plan. **Please read the instructions, and complete and return the Ballot early enough so that it will be actually received by the Claims Agent in California by no later than June 30, 2014.**

***HOW THE PLAN TO ADJUST DETROIT'S DEBTS  
AFFECTS YOUR FUTURE PENSION BENEFITS***

The Plan contemplates that \$816 million in funding from outside sources as a settlement of certain issues affecting the City and its retirees will be contributed to GRS and PFRS over 20 years ***if and only if both Classes 10 and 11 vote to accept the Plan.*** These outside sources are: (i) funders of the non-profit corporation that operates the Detroit Institute of Arts, (ii) 12 charitable foundations and (iii) the State of Michigan. Their collective contributions are called the **"Outside Funding."**

***If one Class of pension claims votes to accept the Plan and the other Class of pension claims votes to reject the Plan, the Outside Funding for the pensions will not be available.***  
***If both Classes of pension claims vote to reject the Plan, this additional Outside Funding for the pensions will not be available.***

***IN OTHER WORDS, BOTH CLASS 10 AND CLASS 11 MUST VOTE TO ACCEPT THE PLAN IN ORDER FOR THE OUTSIDE FUNDING TO BE CONTRIBUTED TO FUND PENSIONS.***

***Even if the Classes both vote to accept the Plan, there is a risk that the payments from the Outside Funding may not be made as promised. The Plan does not require the City to make up for any missed payments before June 30, 2023.***

***For a Class to vote to accept the Plan, more than two-thirds in amount of claims and one-half in number of Class members who actually vote must vote "YES" to accept the Plan.***

***There are other conditions to the receipt of the Outside Funding that must also be met for the money to be contributed. Those are described in the Plan.***

A summary chart showing the difference in estimated adjustments to pension benefits if Outside Funding is, or is not, received for PFRS appears below.

***Estimated Adjustments to Pension Benefits if Classes 10 and 11 Vote Yes on the Plan and Outside Funding is Received and the Court Approves the Plan<sup>1</sup>***

Elimination of 55% of your cost of living adjustment ("COLA") (*i.e.*, you will receive 100% of your current pension and 45% of COLAs over your lifetime).

COLAs are also called "**escalators**" in PFRS labor contracts.

COLAs are approximately 18% of the total value of PFRS liabilities; the value of the COLA to you depends largely upon your age and the size of your current pension

55% of COLAs equate to a reduction in liabilities of about 9.9%; yours could be more or less

[Hard Freeze]

***Estimated Adjustments to Pension Benefits if either Class 10 or Class 11 Votes No on the Plan and No Outside Funding is Received and the Court Approves the Plan***

No reduction in current and future monthly pension payments +  
elimination of 100% of COLAs

(*i.e.*, you will receive 100% of your current pension but no COLAs over your lifetime). COLAs are also called "**escalators**" in PFRS labor contracts.

COLAs are approximately 18% of the total value of PFRS liabilities; the value of the COLA to you depends largely upon your age and the size of your current pension

The total average reduction is about 18%; yours could be more or less

[Hard Freeze]

**Please see the charts attached to your Ballot to help you understand how these reductions and elimination of COLAs ("escalators") will affect the typical PFRS pension.**

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<sup>1</sup> The Plan also contemplates that benefits may be reduced more than 55% of COLA for PFRS if one of the foundations or the DIA Corp. does not make its promised contribution. It cannot be predicted with any certainty at this time how much of a reduction may occur if such a funding default were to happen.

## **Pension Litigation and How It Affects the Plan**

PFRS, GRS, the Retiree Committee, two labor unions and several associations representing the City's retirees have appealed from the Bankruptcy Court's ruling that found the City to be eligible to file bankruptcy and also held that accrued pension benefits could be reduced. The appeals are pending before the United States Court of Appeals for the Sixth Circuit.

**The Outside Funding of \$816 million will not be available for PFRS or GRS if these appeals continue. The Outside Funding will only be available if these appeals are resolved, dismissed or withdrawn prior to approval of the Plan.**

If the appeals continue and are successful and no further appeals or other legal actions are taken, then either the City's bankruptcy case may be dismissed (and no plan would be confirmed), or the appellate court may hold that, although the City may pursue a restructuring in this bankruptcy case, it cannot reduce or impair your pension (and the Plan could not be confirmed). In either case, the Outside Funding of \$816 million would not be available for PFRS and GRS.

Even if the appellate court decides that the City cannot legally reduce your pension, the City's financial problems mean that it would still not have enough money to make the required pension contributions to PFRS or GRS. So you would still not be assured of receiving a full pension payment even if you had a legal right to a full pension payment.

If the appeals are unsuccessful and no further appeals or other legal actions are taken, then the Plan as written will be unaffected.

If the Plan is approved and the Outside Funding described in this Notice is approved, you will lose all of your rights to sue the City and the State to try to recover the full amount of your pension benefits under the Michigan Constitution or other laws.

## **Your PFRS Adjusted Pension Amount (Class 10)**

**Your already-accrued pension benefit amount, as it will be adjusted/reduced by the Plan, is called your "PFRS Adjusted Pension Amount."**

**If you are currently a retiree or a surviving beneficiary drawing a pension, you will receive a revised monthly pension equal to your PFRS Adjusted**

**Pension Amount. Your Ballot enclosed with this Notice contains two scenarios that will affect your new monthly PFRS Adjusted Pension Amount: (i) a higher estimate if Classes 10 and 11 vote to accept the Plan (and the Outside Funding is received) and (ii) a lower estimate if either Class 10 or Class 11 votes to reject the Plan (and the Outside Funding is not received).**

**The City cannot ensure collection of the Outside Funding, and a failure to collect the Outside Funding may cause a further reduction in your PFRS Adjusted Pension Amount.**

**If you are a terminated employee who has earned a pension but has not yet retired and begun to receive your pension, you, too, will receive a revised monthly pension equal to your PFRS Adjusted Pension Amount upon your retirement. If you are an active employee who is not currently collecting pension payments but has earned a monthly pension based on employment with the City, you will receive upon your future retirement a monthly pension equal to the sum of (i) your PFRS Adjusted Pension Amount plus (ii) your "New Accrued Pension." Your "New Accrued Pension" is the part of your pension that will be earned under a new "hybrid" pension plan based upon service from and after July 1, 2014. This is called the "New PFRS Active Pension Plan" in the Plan. Your Ballot enclosed with this Notice contains two scenarios that will affect your future monthly pension earned as of June 30, 2014: (i) if Classes 10 and 11 vote to accept the Plan (and the Outside Funding is received) and (ii) if either Class 10 or Class 11 votes to reject the Plan (and the Outside Funding is not received). Neither of these estimates includes any amount attributable to any employment with the City from and after July 1, 2014, and they do not include any pension amount you will earn under the New PFRS Active Pension Plan after July 1, 2014.**

## PFRS Pension Reductions & the PFRS Adjusted Pension Amount

1. **If you are a current retiree or a surviving beneficiary who currently receives a monthly pension**, then as soon as practical but no later than 90 days following the effective date of the Plan, your monthly pension will be reduced by the loss of 55% of your COLA or by the loss of 100% of your COLA depending on whether all of the Outside Funding is available. For PFRS, COLAs represent about 18% of total PFRS liabilities. COLAs are also called "**escalators**" in PFRS labor contracts. Over time, the loss of COLAs will affect younger retirees (or active employees with a vested pension benefit) more than it will affect older retirees because younger people generally can expect to receive more years of annual COLAs.

Example 1: John Smith is age 70. He currently receives a \$30,000 pension, plus he is entitled to an annual 2.25% increase (COLA or "escalator") in his current pension each July 1. If Classes 10 and 11 accept the Plan, John Smith will continue to receive \$30,000 per year, and it will be increased annually by 45% of the COLA ("escalator") formula, or 1.0125%.

But if Classes 10 and 11 do not accept the Plan, John Smith will receive \$30,000 per year, and it will not be increased annually. He will receive \$30,000 annually for life.

2. **If you are a former employee who earned a vested pension before separation from employment with the City**, the monthly pension amount that you will be paid upon your future retirement will be reduced by the loss of 55% of your COLA or by the loss of 100% of your COLA below the pension amount you had earned at the time of your termination depending on whether all of the Outside Funding is available. For PFRS, COLAs represent about 18% of total PFRS liabilities. COLAs are also called "**escalators**" in PFRS labor contracts. Over time, the loss of COLAs will affect younger terminated employees with vested benefits more than it will affect older retirees because younger people can generally expect to receive more years of annual COLAs.

Example 2: Jane Jones is age 50. She terminated employment 10 years ago after serving 10 years as a firefighter. She has a right to receive a \$30,000 pension at age 62, plus an annual 2.25% increase (COLA or "escalator") of her current annual pension each July 1. If Classes 10 and 11 accept the Plan, Jones will receive at retirement

\$30,000 per year, and it will be increased annually by 45% of the COLA ("escalator") formula, or 1.0125%.

But if Classes 10 and 11 do not accept the Plan, Jane Jones will receive \$30,000 per year, and it will not be increased annually. She will receive \$30,000 annually for life.

3. **If you are an active employee who has earned a monthly pension to be paid upon your future retirement**, you will continue to grow your pension under the current pension formula through June 30, 2014. At that point, your pension benefits will be frozen (meaning that you will not earn any more benefits under the current pension plan formula), and you will not be able to earn any additional pension amounts under the current PFRS pension formula. If the Plan is approved, your frozen monthly pension amount will be reduced either by the loss of 55% of your COLA or by the loss of 100% of your COLA depending on whether all of the Outside Funding is available. You will be able to receive your reduced frozen pension payment upon attaining a sufficient number of years of service as provided for under the current pension formula. As noted above, your reduced pension amount is called your "PFRS Adjusted Pension Amount." For PFRS, these COLAs represent about 18% of total PFRS liabilities. COLAs are also called "**escalators**" in PFRS labor contracts. Over time, the loss of COLAs will affect younger retirees (or active employees with vested pension benefits) more than it will affect older retirees because younger people generally can expect to receive more years of annual COLAs.

4. **If you are an active employee and you continue to work for the City after July 1, 2014**, you will earn a new monthly pension under the New PFRS Active Pension Plan that will be paid at retirement along with your PFRS Adjusted Pension Amount. The monthly pension amount that you earn after July 1, 2014 is called your "**New Accrued Pension**." The pension formula for years of service after July 1, 2014 will be less generous than the formula that currently applies to your pension. You will no longer be entitled to elect into a deferred retirement option plan ("DROP"), either for your frozen benefit or for your New Accrued Pension.

Example 3: John Johnson is age 42. As of June 30, 2014, he will have earned – based on his then salary and years of service – a \$30,000 annual pension. He also will have earned a right to a 2.25% annual increase (COLA or "escalator") in his annual pension each year following retirement. Johnson works for another 10 years, and retires on July 1, 2024. Under the PFRS New Accrued Pension, he

earns a \$7,500 annual pension for life. If Classes 10 and 11 approve the Plan, Johnson's \$30,000 frozen accrued pension will be increased by 45% of the 2.25% COLA ("escalator") formula (*i.e.*, it will be increased annually by 1.0125%). At retirement, Johnson will receive the following: (i) an annual \$30,000 pension under the old formula with a 1.0125% COLA escalator, plus (ii) an annual \$7,500 pension under the PFRS New Accrued Pension, for a total annual pension for life of \$37,500 with the reduced COLA escalator payable on \$30,000 of his annual pension.

But if Classes 10 and 11 do not approve the Plan, John Johnson will receive at retirement \$37,500 per year (\$30,000 + \$7,500), and it will not be increased annually. He will receive \$37,500 annually for life.

#### PFRS Pension Funding

5. **In the event that all of the Outside Funding is made available (a portion of which will be made available to PFRS) and that Classes 10 and 11 both have accepted the Plan**, during the period from July 1, 2014 through June 30, 2023, contributions in the amount of approximately \$\_\_\_\_\_ million will be made to PFRS. Other than the Income Stabilization funds discussed below, these are the only amounts that are contemplated to be contributed to PFRS during this period. These contributions will be paid only from the Outside Funding. If the Outside Funding is not paid as required by the Plan, it is not contemplated that the City would make up these amounts.

6. Beginning on and after July 1, 2023, approximately \$\_\_\_\_\_ million in Outside Funding will be available for PFRS. The City will be responsible for contributing all other amounts necessary to enable PFRS to pay your PFRS Adjusted Pension Amount (and your New Accrued Pension, if you are an active employee). The City will make the necessary contributions from its future tax revenues and available cash.

#### PFRS Pension Restoration

7. The pension benefits reductions that are discussed in Paragraphs 1, 2 and 3 above may be restored, in whole or in part, if the funding level<sup>2</sup> of PFRS

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<sup>2</sup> "Funding level" means the market value of PFRS' assets as a percentage of PFRS' liabilities to all participants for PFRS Adjusted Pension Amounts projected forward to 2023 and later. For example, if (a) the market value of PFRS' assets were \$100 and (b) the amount of its

significantly improves. This restoration may occur if (a) the investment returns on PFRS assets are greater than certain specified thresholds or (b) other actuarially-determined factors contribute to improve the funding level of PFRS. In other words, if PFRS pension funding levels improve, your PFRS Adjusted Pension Amount may be increased, and some or all of your future COLA payments could be restored. Any pension restoration will be used to increase first, the COLA payments to retirees, surviving spouses, and beneficiaries in pay status as of June 30, 2014; second, the COLA payments to retirees, surviving spouses, and beneficiaries in pay status as of the date that restoration is determined who were not in pay status as of June 30, 2014; and third, the COLA payments to PFRS plan participants not in pay status as of the date that restoration is determined. The precise amount of the restoration within these categories will be determined by the PFRS trustees, the majority of which will be independent trustees and independent advisors to the trustees. Under the Plan, the PFRS trustees may not increase your PFRS Adjusted Pension Amount if it causes PFRS to fall below an 80% funding level determined as of June 30, 2023. On or after June 30, 2023, the City and the applicable unions representing safety employees, with the consent of the PFRS trustees, may restore any pension cuts without regard to the 80% funding level and increase the PFRS Adjusted Pension Amount to the extent it is prudent to do so and such increase is legally permitted. **Restoration of benefits, particularly until 2023, cannot be assured. After 2023, restoration of certain benefits may be possible, but it cannot be predicted at this time whether or when any restoration will occur.**

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(continued...)

liabilities to all participants for PFRS Adjusted Pension Amounts were also \$100, the "funding level" for PFRS would be 100%. If, however, (a) the market value of PFRS' assets were \$80 and (b) the amount of its liabilities were \$100, the "funding level" for PFRS would be 80%.

Example 4: John Smith, age 70, is receiving a current \$30,000 annual pension and 45% (or 1.0125%) of his COLA escalator. In 2018, the PFRS actuaries conclude that because of strong investment performance, the projected funding level of PFRS in 2023 will be 85%, and that \$200 million in current PFRS assets are available to restore COLAs in 2019. The PFRS trustees, based on the advice of the PFRS actuaries, determine that the \$200 million will fund restoration of all of the remaining COLA that was taken away. Beginning July 1, 2019, Smith will receive his \$30,000 pension as it was increased by the 1.0125% COLA until June 30, 2018 and as it will be increased by a 2.25% COLA from and after July 1, 2019.

## **Fund for Income Stabilization**

The trust agreements of each of GRS and PFRS will be amended to provide a supplemental pension income stabilization benefit ("**Income Stabilization Benefit**") to each Eligible Pensioner (defined below) equivalent to the lesser of (a) the amount needed to restore 100% of the individual's reduced pension payment to the amount of the pension payment that the Eligible Pensioner received in actual dollars in 2013; or (b) the amount needed to bring the total household income of the Eligible Pensioner up to 130% of the Federal Poverty Level in the year in which the pension is received.

The PFRS Income Stabilization Benefits will be paid from the Income Stabilization Fund of PFRS. The Income Stabilization Fund of PFRS will be funded with certain proceeds of a settlement with certain bond creditors, up to an aggregate amount of \$20 million to be divided between the Income Stabilization Fund of PFRS and the Income Stabilization Fund of GRS.

In the event that, in 2022 (provided that the State has not issued a certificate of default with respect to PFRS at any time prior to 2022), it is the opinion of at least 75% of the independent members of the board of trustees of PFRS that the Income Stabilization Fund of PFRS has more assets than it needs to provide Income Stabilization Benefits, the PFRS board of trustees may, in its sole discretion, permit the excess assets, in an amount not to exceed \$35 million in the aggregate between both GRS and PFRS, to be used to fund the Adjusted Pension Amounts payable by PFRS. In the event that any funds remain in the Income Stabilization Fund of PFRS on the date upon which no Eligible Pensioners under PFRS remain, such funds shall be used to fund the Adjusted Pension Amounts payable by PFRS.

**"Eligible Pensioners"** are those retirees or surviving spouses who hold a Pension Claim who are eligible to receive Income Stabilization Benefits because such Holder (a) is, as of the effective date of the Plan, at least 60 years of age or a minor child receiving survivor benefits from PFRS and (b) has an aggregate annual household income equal to or less than 140% of the Federal Poverty Level in 2013 (per their (or in the case of minor children, their legal guardian's) 2013 income tax returns or equivalent documentation). No new persons will be eligible to receive Income Stabilization Benefits at any time in the future, and any minor child receiving survivor benefits shall cease to be an Eligible Pensioner after he or she turns 18 years of age.

## ***PLAN RELEASES***

**If the Plan is confirmed, it will be binding on you. You will have no right to demand that the City pay you the full original amounts it owed for your pension. You will only have the right to your reduced pension benefits under the Plan.**

### **Comprehensive State Release**

In addition to protection from further claims against the City that is a standard part of any plan of adjustment, the Plan also proposes to grant to the State of Michigan, its officials and certain other related parties a comprehensive release of any obligation they might have with respect to your pension claim and other claims against the City.<sup>3</sup> This is called the "**Comprehensive State Release.**" The Bankruptcy Court will have to approve this Comprehensive State Release, and it may not do so. If the Comprehensive State Release is approved, **you will not be allowed to sue the State, the City or any State entities to restore pension benefits or argue that the City did not have the power to reduce pensions, even if you vote to reject the Plan.**

**If the Bankruptcy Court does not approve the Comprehensive State Release, the State does not have to contribute its \$350 million State Contribution to the Pension Funds.** If the State's money is not contributed, then none of the other sources of Outside Funding will make their payments, either. In that case, none of the \$816 million in contributions will be made to the pension plans, and your pension benefit cuts will be at the higher levels set forth in the chart on page 7 (no COLA escalators).

### **Release by Claim Holders Accepting the Plan**

The Plan also provides for an "**Accepting Holders Release.**" The Accepting Holders Release would be granted by individual creditors by their accepting the Plan. This means that if you individually vote to accept the Plan, you will be personally releasing the City and its related entities, the State and its related entities, the Retiree Committee, the members of the Retiree Committee, the Retiree Committee professionals, the foundations and other organizations who are

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<sup>3</sup> Specifically, this release would release all claims and liabilities arising from or related to the City, the chapter 9 case (including the authorization given to file the chapter 9 case), the Plan and exhibits thereto, the Disclosure Statement, PA 436 and its predecessor or replacement statutes, and Article IX, § 24 of the Michigan Constitution.

providing Outside Funding and their related entities **except for** such parties' gross negligence or willful misconduct.

**In other words, if you vote to accept the Plan, you will not be allowed to sue the State, the City or any State entities to restore pension benefits or argue that the City did not have the power to reduce pensions.**

## **Exhibit 6C.2**

Plain Language Insert – Class 11 GRS Claims

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

	-----X	
	:	
In re	:	Chapter 9
	:	
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
	:	
	-----X	

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**NOTICE REGARDING PROPOSED CHANGES TO  
PENSIONS IN THE CITY'S PLAN OF ADJUSTMENT**

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**Introduction**

This Notice gives (i) active and former employees who have earned pension benefits from the City of Detroit based on your employment and (ii) retirees or surviving beneficiaries who are currently receiving pension benefits from the City of Detroit Retirement Systems a short summary as to how the City's proposed plan of adjustment (the "**Plan**") and the restructuring described in the Plan will affect your future pension benefits.

This Notice provides you with:

- background information about the process for approval of the Plan by the Bankruptcy Court, and
- details about how the proposed Plan will impact your benefits.

**IF APPROVED BY THE BANKRUPTCY COURT, THE CITY'S PLAN OF ADJUSTMENT WILL REDUCE YOUR PENSION BENEFITS. YOU CAN VOTE FOR OR AGAINST THE PLAN, BUT YOU CANNOT AVOID A REDUCTION IN YOUR PENSION BENEFITS BY REFUSING TO VOTE ON THE PLAN.**

**YOUR VOTE MATTERS.**

**If the Plan is approved and the Outside Funding described in this Notice is approved, you will lose all of your rights to sue the City and the State to try to recover the full amount of your pension benefits under the Michigan Constitution or other laws.**

**PLEASE READ THIS ENTIRE NOTICE CAREFULLY. DETAILS OF HOW TO OBTAIN ADDITIONAL INFORMATION REGARDING THE CONTENTS OF THIS NOTICE ARE PROVIDED BELOW.**

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## ***BACKGROUND REGARDING DETROIT'S PENSION OBLIGATIONS***

The City sponsors and provides its employees with pension benefits through two separate pension funds – the General Retirement System ("**GRS**") and the Police and Fire Retirement System ("**PFRS**"). Generally, if you were a uniformed police or fire-fighter employee, you receive your pension payments through PFRS and, if you were a non-uniformed employee, you receive your pension payments through GRS. Generally, before the bankruptcy, the City was required to contribute cash into the GRS and PFRS so that these pension funds would have enough money to pay the pensions that you earned during your employment by the City.

At the time the City filed for bankruptcy, both GRS and PFRS were underfunded. "Underfunded" means that GRS and PFRS have enough assets to pay pensions in the short term, but they do not have enough assets to pay all pensions in full over the long term. The amount of the underfunding is a debt that the City owes to each pension fund (and those entitled to receive benefits from that fund). The underfunding debt creates a "claim" in the City's bankruptcy. The Plan proposes to restructure this debt through reductions in your pension benefits, contributions of money by outside funders to the Retirement Systems and the City's promise to fund the reduced benefit levels going forward.

**If you are either (i) retired, (ii) disabled or (iii) a surviving beneficiary of a City employee, and you are currently receiving a pension**, you have a "**Pension Claim**" in the bankruptcy in connection with this underfunding debt. As a holder of a Pension Claim, you have a right to vote on how the City proposes to reduce your pension benefits and the other terms of the Plan.

Similarly, **if you are an active employee of the City (or a former employee) who has earned the right to a pension upon your future retirement based on your years of service with the City**, you also have a "**Pension Claim**" in the bankruptcy. As a holder of a Pension Claim, you also have a right to vote on how the City proposes to reduce your pension benefits and the other terms of the Plan.

**BACKGROUND REGARDING**  
**DETROIT'S PLAN FOR THE ADJUSTMENT OF ITS DEBTS**

**The Plan and Disclosure Statement**

On April 16, 2014, the City of Detroit filed the Plan. The Plan is a legal document that contains the terms of the City's proposed restructuring. Among other things, the Plan proposes to reduce pension benefits.

Along with the Plan, the City also filed a document called the "Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit." That document is referred to as the "**Disclosure Statement.**" The Disclosure Statement provides more detailed information on various aspects of the proposed Plan and the City's bankruptcy case including, among other things:

- the circumstances leading up to the City filing for bankruptcy;
- key events during the bankruptcy case;
- a description of how the Plan will restructure the City's debts for different types of creditors, including retirees and active or former City employees, by reducing or changing the amounts it will pay and the timing and terms of repayment;
- how the City proposes to implement the Plan;
- the legal effects of approval of the Plan by the Bankruptcy Court;
- instructions regarding voting on the Plan; and
- risk factors associated with the Plan.

**Classification of Pension Claims in the Plan**

**Under the Plan, claims against the City are divided into different classes. Claims related to GRS pensions are in Class 11.**

- **If you participate in GRS, your Pension Claim is what the Plan calls a "GRS Pension Claim." Your GRS Pension Claim is included in Class 11 of the Plan.**
- The amount of all GRS Pension Claims that has been estimated for purposes of voting on the Plan is \$1,976,000,000. This amount is equal to the estimated amount of the "underfunding" for GRS as of June 30, 2013. That is, it is equal to the difference between the market value of the assets in GRS as of June 30, 2013 and the present value of the liabilities of GRS (in other words, the total amount of all GRS pension benefits accrued by all City employees, former employees, retirees and survivors) as of June 30, 2013. If you are the holder of a GRS Pension Claim, the value of your GRS Pension Claim is equal to your share of this \$1,976,000,000 and is stated on the Ballot that you received with this Notice. The amount stated on your Ballot is the estimated amount of your GRS Pension Claim **only for purposes of voting** on the Plan. It is not a promise by the City to pay that amount under the Plan. It is also not an estimate of your future pension checks.

**If you have both a Pension Claim and a claim for retiree healthcare benefits (called an "OPEB Claim" in the Plan), you will get a separate Ballot for each claim. You will also get a different Notice in addition to this Notice.**

### **The Solicitation Package and Voting**

On [\_\_\_\_], 2014, the Bankruptcy Court authorized the City to distribute the Plan and Disclosure Statement to its creditors and to solicit their votes to accept or reject the Plan. The Bankruptcy Court also authorized the City to send a paper copy of this Notice to you and others who receive pensions or retiree health or death benefits. This Notice and the other documents are intended to provide you with information on how the terms of the Plan will affect your benefits in the future. The accompanying Ballot is intended to allow you to cast your vote to accept or reject the Plan.

Your vote for or against the Plan will be counted and reported to the Bankruptcy Court and included in (i) the total number of votes cast for or against the Plan in your class and (ii) the total the amount of claims voting either for or against the Plan. **Your vote matters. You cannot avoid a reduction in your pension benefits by refusing to vote.**

If you would like to receive a paper copy of the Plan and the Disclosure Statement, you may obtain one, free of charge, by:

- calling the City's toll-free restructuring hotline at (877) 298-6236;
- visiting the City's restructuring website at *www.kccllc.net/detroit*; or
- writing to the City's claims and noticing agent at the following address:

City of Detroit c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
El Segundo, CA 90245

The package containing this Notice should also contain the following materials:

1. A cover letter describing: (a) the materials you received along with this Notice; (b) the contents of the enclosed CD-ROM and instructions with respect to its use; and (c) information about how to obtain, at no charge, paper copies of any materials provided on the CD-ROM.
2. A paper copy of the notice of the hearing before the Bankruptcy Court to consider whether to confirm – i.e., approve – the City's Plan (the "**Confirmation Hearing Notice**").
3. A CD-ROM containing the Plan and Disclosure Statement and exhibits to them that have been filed as of the date of this mailing (all of which are also available at no charge via the internet at *http://www.kccllc.net/detroit*).
4. A letter from the City recommending that you vote to accept the Plan.
5. Letters from GRS and possibly others.
6. A Ballot for your GRS Pension Claim with instructions on how to complete the Ballot and Ballot return envelope. Your Ballot for your GRS Pension Claim has been customized to provide you with personalized information as to how the City estimates that the Plan will affect your monthly pension benefit payment if both pension classes (Class 10 and Class 11) either accept the Plan or if one or more of them rejects the Plan. **Please read the instructions, and complete and return the Ballot early enough so that it will be**

**actually received by the Claims Agent in California by no later than June 30, 2014.**

***HOW THE PLAN TO ADJUST DETROIT'S DEBTS  
AFFECTS YOUR FUTURE PENSION BENEFITS***

The Plan contemplates that \$816 million in funding from outside sources as a settlement of certain issues affecting the City and its retirees will be contributed to GRS and PFRS over 20 years ***if and only if both Classes 10 and 11 vote to accept the Plan.*** These outside sources are: (i) funders of the non-profit corporation that operates the Detroit Institute of Arts, (ii) 12 charitable foundations and (iii) the State of Michigan. Their collective contributions are called the **"Outside Funding."**

***If one Class of pension claims votes to accept the Plan and the other Class of pension claims votes to reject the Plan, the Outside Funding for the pensions will not be available.***  
***If both Classes of pension claims vote to reject the Plan, this additional Outside Funding for the pensions will not be available.***

***IN OTHER WORDS, BOTH CLASS 10 AND CLASS 11 MUST VOTE TO ACCEPT THE PLAN IN ORDER FOR THE OUTSIDE FUNDING TO BE CONTRIBUTED TO FUND PENSIONS.***

***Even if the Classes both vote to accept the Plan, there is a risk that the payments from the Outside Funding may not be made as promised. The Plan does not require the City to make up for any missed payments before June 30, 2023.***

***For a Class to vote to accept the Plan, more than two-thirds in amount of claims and one-half in number of Class members who actually vote must vote "YES" to accept the Plan.***

***There are other conditions to the receipt of the Outside Funding that must also be met for the money to be contributed. Those are described in the Plan.***

A summary chart showing the difference in estimated adjustments to pension benefits if Outside Funding is, or is not, received for GRS appears below.

<b><i>Estimated Adjustments to Pension Benefits if Classes 10 and 11 Vote Yes on the Plan and Outside Funding is Received and the Court Approves the Plan<sup>1</sup></i></b>
<p>4.5% reduction in current and future monthly pension payments<sup>2</sup> + elimination of COLA + Annuity Savings Fund Recoupment (i.e., you will receive 95.5% of your current pension but no COLAs over your lifetime and you will be subject to Annuity Savings Fund Recoupment)</p> <p>COLAs are approximately 14.5% of projected 2014 GRS liabilities; the value of the COLA to you depends largely upon your age and the size of your current pension</p> <p>Annuity Savings Fund Recoupment is expected to be about 7% of projected 2014 GRS liabilities; your portion could be more or less</p> <p>The total average reduction in GRS liabilities is about 25.3%; yours could be more or less</p>
<b><i>Estimated Adjustments to Pension Benefits if either Class 10 or Class 11 Votes No on the Plan and No Outside Funding is Received and the Court Approves the Plan</i></b>
<p>29% reduction in current and future monthly pension payments<sup>3</sup> + elimination of COLAs + Annuity Savings Fund Recoupment (i.e., you will receive 71% of your current pension but no COLAs over your lifetime and you will be subject to Annuity Savings Fund Recoupment)</p> <p>COLAs are approximately 14.5% of projected 2014 GRS liabilities; the value of the COLA to you depends largely upon your age and the size of your current pension</p>

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<sup>1</sup> The Plan also contemplates that benefits may be reduced more than COLA + 4.5% + ASF Recoupment for GRS if one of the foundations or the DIA Corp. does not make its promised contribution. It cannot be predicted with any certainty at this time how much of a reduction may occur if such a funding default were to happen.

<sup>2</sup> A 4.5% benefit reduction is about 3.8% of projected 2014 GRS liabilities before the elimination of COLA.

<sup>3</sup> A 29% benefit reduction is about 24.76% of projected 2014 GRS liabilities before the elimination of COLA.

Annuity Savings Fund Recoupment is expected to be about 7% of projected 2014 GRS liabilities; your portion could be more or less

The total average reduction in liabilities is about 46.26%; yours could be more or less

**Please see the charts attached to your Ballot to help you understand how these reductions and elimination of COLAs will affect the typical GRS pension.**

### **Pension Litigation and How It Affects the Plan**

GRS, PFRS, the Retiree Committee, two labor unions and several associations representing the City's retirees have appealed from the Bankruptcy Court's ruling that found the City to be eligible to file bankruptcy and also held that accrued pension benefits could be reduced. The appeals are pending before the United States Court of Appeals for the Sixth Circuit.

**The Outside Funding of \$816 million will not be available for GRS or PFRS if these appeals continue. The Outside Funding will only be available if these appeals are resolved, dismissed or withdrawn prior to approval of the Plan.**

If the appeals continue and are successful and no further appeals or other legal actions are taken, then either the City's bankruptcy case may be dismissed (and no plan would be confirmed), or the appellate court may hold that, although the City may pursue a restructuring in this bankruptcy case, it cannot reduce or impair your pension (and the Plan could not be confirmed). In either case, the Outside Funding of \$816 million would not be available for GRS and PFRS.

Even if the appellate court decides that the City cannot legally reduce your pension, the City's financial problems mean that it would still not have enough money to make the required pension contributions to GRS or PFRS. So you would still not be assured of receiving a full pension payment even if you had a legal right to a full pension payment.

If the appeals are unsuccessful and no further appeals or other legal actions are taken, then the Plan as written will be unaffected.

If the Plan is approved and the Outside Funding described in this Notice is approved, you will lose all of your rights to sue the City and the State to try to

recover the full amount of your pension benefits under the Michigan Constitution or other laws.

**Your GRS Adjusted Pension Amount (Class 11)**

**Your already-accrued pension benefit amount, as it will be adjusted by the Plan, is called your "GRS Adjusted Pension Amount" in the Plan.**

**If you are currently a retiree or a surviving beneficiary drawing a pension, you will receive a revised monthly pension equal to your GRS Adjusted Pension Amount. Your Ballot enclosed with this Notice contains two scenarios that will affect your new monthly GRS Adjusted Pension Amount: (i) a higher estimate if Classes 10 and 11 vote to accept the Plan (and the Outside Funding is received) and (ii) a lower estimate if either Class 10 or Class 11 votes to reject the Plan (and the Outside Funding is not received).**

**The City cannot ensure collection of the Outside Funding, and a failure to collect Outside Funding may cause a further reduction in your GRS Adjusted Pension Amount.**

**If you are a terminated employee who has earned a pension but has not yet retired and begun to receive your pension, you, too, will receive a revised monthly pension equal to your GRS Adjusted Pension Amount upon your retirement. If you are an active employee who is not currently collecting pension payments but has earned a monthly pension based on your employment with the City, you will receive upon your future retirement a monthly pension equal to the sum of (i) your GRS Adjusted Pension Amount plus (ii) your "New Accrued Pension." Your "New Accrued Pension" is the part of your pension that will be earned under a new "hybrid" pension plan based upon service from and after June 30, 2014. This is called the "New GRS Active Pension Plan" in the Plan. Your Ballot enclosed with this Notice contains two scenarios that will affect your future monthly pension earned as of July 1, 2014: (i) if Classes 10 and 11 vote to accept the Plan (and the Outside Funding is received) and (ii) if either Class 10 or Class 11 votes to reject the Plan (and the Outside Funding is not received). Neither of these scenarios includes any pension attributable to any employment with the City from and after July 1, 2014, and they do not include any pension amount you will earn under the New GRS Active Pension Plan after July 1, 2014.**

**If you maintained an Annuity Savings Fund account at any time during the period July 1, 2003 through June 30, 2013, you also will be subject to an**

**adjustment to your Annuity Savings Fund account (if you are an active employee or a terminated employee with an Annuity Savings Fund account) or in your monthly pension check (if you are a retiree or a surviving spouse who has received a total distribution from the Annuity Savings Fund) in an effort to recover certain excess interest that was credited to your Annuity Savings Fund account during this 10-year period. More information on these adjustments is set forth below under the heading "GRS Annuity Savings Fund Recoupment."**

#### GRS Pension Reductions & the GRS Adjusted Pension Amount

**1. If you are a current retiree or a surviving beneficiary who currently receives a monthly pension,** then as soon as practical but no later than [90] days following the effective date of the Plan, your monthly pension will be reduced by 4.5-29% depending on whether all of the Outside Funding is available and you will be subject to the Annuity Savings Fund Recoupment described on pages 13-18 below. The reduction in total GRS liabilities represented by the Annuity Savings Fund Recoupment is estimated to be a 7% reduction; your individual percentage reduction could be more or less. If you participated in and received a distribution from the Annuity Savings Fund between July 1, 2003 and June 30, 2013, the reduction in your monthly pension will be greater than if you had not participated at all. In addition, you will not receive any future COLAs to your pension payments. For GRS, these COLAs represent about 14.5% of total GRS liabilities. Over time, the loss of COLAs will affect younger retirees (or active employees with a vested pension benefit) more than it will affect older retirees because younger people can generally expect to receive more years of annual COLAs.

**2. If you are a former employee who voluntarily or involuntarily terminated employment with the City but earned a vested pension before separation,** the monthly pension amount that you will be paid upon your future retirement will be reduced by 4.5-29% depending on whether all of the Outside Funding is available and you will be subject to the Annuity Savings Fund recoupment described on pages 13-18 below. The reduction in GRS liabilities represented by the Annuity Savings Fund Recoupment is estimated to be a 7% reduction; your individual percentage reduction could be more or less. If you participated in and received a distribution from the Annuity Savings Fund between July 1, 2003 and June 30, 2013, the reduction in your future monthly pension will be greater than if you had not participated at all. In addition, you will not receive any future COLAs to your pension payments. For GRS, COLAs represent about 14.5% of total GRS liabilities. Over time, the loss of COLAs will affect younger terminated employees with vested benefits more than it will affect older retirees

because younger people generally can expect to receive more years of annual COLAs.

**3. If you are an active employee who has earned a monthly pension to be paid upon your future retirement,** you will continue to grow your pension under the current pension formula through June 30, 2014. At that point, your pension benefits will be frozen (meaning that you will not earn any more benefits under the current pension plan formula), and you will not be able to earn any additional pension amounts under the current GRS pension formula. If the Plan is approved, your frozen monthly pension amount will be reduced by 4.5-29% depending on whether all of the Outside Funding is available and you will be subject to the Annuity Savings Fund Recoupment described on pages 13-18 below. The reduction in GRS liabilities represented by the Annuity Savings Fund Recoupment is estimated to be a 7% reduction; your individual percentage reduction could be more or less. You will be able to receive your reduced frozen pension payment upon attaining a sufficient number of years of service as provided for under the current pension formula. As noted above, your reduced pension amount is called your "GRS Adjusted Pension Amount." In addition, you will not receive any future COLAs to your pension payments. For GRS, COLAs represent about 14.5% of total GRS liabilities. Over time, the loss of COLAs will affect younger retirees (or active employees with vested pension benefits) more than it will affect older retirees because younger people generally can expect to receive more years of annual COLAs.

In addition, if you participate in the Annuity Savings Fund and continue to maintain an Annuity Savings Fund account, your Annuity Savings Fund account will be reduced by an amount equal to a portion of the excess investment earnings that were credited to that account during the years 2003 through 2013. If you are an active employee who participated in the Annuity Savings Account and already received a total distribution from the Annuity Savings Fund, then the reduction in your frozen monthly pension amount upon your future retirement will be greater than if you had not participated. More information on Annuity Savings Fund Recoupment is described on pages 13-18 below.

**4. If you are an active employee and you continue to work for the City after July 1, 2014,** you will earn a new monthly pension under the New GRS Active Pension Plan that will be paid at retirement along with your GRS Adjusted Pension Amount. The monthly pension amount that you earn after July 1, 2014 is called your "**New Accrued Pension.**" The pension formula for years of service after July 1, 2014 will be less generous than the formula that currently applies to your pension.

## GRS Pension Funding

5. **In the event that all of the Outside Funding is made available (a portion of which will be made available to GRS) and that Classes 10 and 11 both have accepted the Plan**, during the period from July 1, 2014 through June 30, 2023, contributions in the approximate amount of \$\_\_\_\_\_ million will be made to GRS. Other than the Income Stabilization funds discussed below, these are the only amounts that will be contributed to GRS during this period. These contributions will be paid only from accelerated contributions from the Detroit Water & Sewer Department and from the Outside Funding. If the Outside Funding is not paid as required by the Plan, it is not contemplated that the City would make up these amounts.

6. Beginning on and after July 1, 2023, the City will be responsible for contributing all amounts necessary to enable GRS to pay your GRS Adjusted Pension Amount (and your New Accrued Pension, if you are an active employee). The City will make the necessary contributions from its available cash and approximately \$\_\_\_\_\_ million from the Outside Funding during the ten year period from July 1, 2023 through June 30, 2033.

## GRS Pension Restoration

7. The pension benefits reductions that are discussed in Paragraphs 1, 2 and 3 above may be restored, in whole or in part, if the funding level<sup>4</sup> of GRS significantly improves. This restoration may occur if (a) the investment returns on GRS assets are greater than certain specified thresholds or (b) other actuarially-determined factors contribute to improve the funding level of GRS.

The GRS will establish a "restoration fund reserve account" within the pension system. Each year, the GRS actuary will perform a projection of the funded status of the GRS. If approved by the trustees of the GRS (or of any successor trust or pension plan), restoration payments may be made in any given year, through 2043, if (a) the GRS trustees have complied with certain requirements describe in the State Contribution Agreement, (b) the actuarial projection for that year

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<sup>4</sup> "Funding level" means the market value of GRS' assets as a percentage of GRS' liabilities to all participants for GRS Adjusted Pension Amounts projected forward to 2023 and later. For example, if (a) the market value of GRS' assets were \$100 and (b) the amount of its liabilities to all participants for GRS Adjusted Pension Amounts were also \$100, the "funding level" for GRS would be 100%. If, however, (a) the market value of GRS' assets were \$80 and (b) the amount of its liabilities were \$100, the "funding level" for GRS would be 80%.

demonstrates that the funding ratio exceeds 75%, (c) there are sufficient assets in the restoration fund reserve account to make a restoration payments and (d) the GRS funding level is at least 70%. In other words, if GRS pension funding levels improve (and other criteria are met), your GRS Adjusted Pension Amount may be increased, and some or all your future COLA payments could be restored.

**Restoration of benefits, particularly until 2023, cannot be assured. After 2023, restoration of certain benefits may be possible, but it cannot be predicted at this time whether or when any restoration will occur.**

#### GRS Annuity Savings Fund Recoupment

8. *What is the Annuity Savings Fund?* The Annuity Savings Fund ("ASF") is a voluntary, individual account pension program that operates within the GRS pension plan. If an employee chooses to participate in the ASF, a pension account is established for the employee, and he or she may voluntarily contribute 3%, 5% or 7% of gross pay, on an after-tax basis, to that account. The GRS trustees invest these contributions with other GRS assets. The GRS trustees are granted discretion to determine the annual interest to be credited on the employee contributions to the ASF accounts, and each employee's ASF account increases in value based upon the interest amounts that the GRS trustees credit to the ASF accounts. After 25 years of service, an active employee may elect to withdraw from his or her ASF account some or all of the accumulated contributions plus the investment earnings credited to that individual account. An active employee may borrow up to 50% of his or her ASF account. Upon retirement, an employee may elect to receive a lump sum distribution, or to annuitize some of his or her ASF account balance, which is added to his or her monthly pension payment and is separately identified on a retiree's pension check. Any portion of the ASF balance that is not annuitized upon retirement is paid to the retiree in a partial or total lump sum distribution at the retiree's request.

*"Excess Interest" to be Recovered.* During the period from 2003 through 2013, the GRS trustees credited to employee ASF accounts annual interest of no less than 7.9%, and in some years more than 7.9%, based upon actuarial computations. The ASF accounts essentially were treated as a guaranteed investment program, where, each year, ASF account holders would receive a return of at least 7.9%, regardless of the actual market investment returns on the assets in GRS. For example, in fiscal year 2009, the value of the assets that supported the Annuity Savings Fund accounts actually lost 19.67% percent of their value, but the GRS trustees credited the ASF account with 7.9% in interest. So, even though an ASF account holder who might have had \$10,000 in his or her ASF account in

2009 actually lost 19.67% in market value and should have had only a balance of \$8,033 in his or her account, instead his or her account was credited as having \$10,790.

The City believes that, as a result of these practices, there was too much, or "excess," interest credited to the ASF accounts, and that assets were diverted from the money available to fund GRS participants' monthly defined benefit pensions. The City estimates that, using actual market returns between 0% and 7.9% for crediting purposes,<sup>5</sup> **over \$387 million of excess interest was credited to the ASF accounts collectively during the period from July 1, 2003 through June 30, 2013.** It is the City's belief that the \$387 million represents money that was diverted from the general GRS asset pool and that should have been used to fund all GRS participants' monthly defined benefit pensions.

In designing the Plan, the City addressed the following question: (i) should the Plan contain higher across-the-board pension cuts for all GRS participants and not try to recover a portion of the excess ASF interest credits, or (ii) should it recover a portion of the excess ASF interest credits, which would result in lower across-the-board pension cuts for all GRS participants? The City decided on the second choice and, therefore, there will be both across-the-board pension cuts and a recovery of excess ASF interest credits. **As a result, the across-the-board cuts will be lower.**

Specifically, as part of the Plan, some, but not all, of these "**excess**" amounts related to the over-crediting of interest to ASF account will be recovered by (i) offsetting current ASF accounts of active or terminated employees and/or (ii) reducing monthly pension checks of current or future retirees. Persons participating in the ASF during the period from July 1, 2003 through June 30, 2013 will be affected. This recovery will be in addition to the other reductions to your accrued pension described in this Notice.

There will be a cap on what is recovered. Specifically, (a) for an active or former employee that still maintains an Annuity Savings Fund account and has not received any distributions from the Annuity Savings Fund, the recovery will be limited to **20%** of the value of such participant's Annuity Savings Fund balance as of June 30, 2013 (including any unpaid loans taken by the participant from his or her ASF account); (b) for an active or former employee that still maintains an

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<sup>5</sup> This range is consistent with the range approved by a City Council ordinance in 2011.

Annuity Savings Fund account and has received any distribution from the Annuity Savings Fund other than a total distribution, the recovery will be limited to **20% of the sum of** (i) the value of such participant's Annuity Savings Fund account as of June 30, 2013 and (ii) all distributions received by such participant from the Annuity Savings Fund during the period from July 1, 2003 through June 30, 2013; and (c) for a retiree or current or former employee who has already taken a total distribution from the ASF, the recovery will be limited to **20%** of the amount of your distribution received from the Annuity Savings Fund (including, in each case, any unpaid loans taken by the participant from his or her ASF account).

Under the Plan, the recovery – called "**recoupment**" in the Plan – will work as follows using the 20% cap:

a. Active or Terminated Employee Recoupment. For each active employee, or terminated employee, who continues to maintain an ASF account in GRS, the City will recalculate that employee's ASF account value by applying the "Actual Return." The "**Actual Return**" means the actual net return percentage on invested GRS assets for each year from July 1, 2003 through June 30, 2013 unless the return is greater than 7.9% (in which case 7.9% will be used) or less than 0% (in which case 0% will be used). The difference between the value of your re-calculated ASF account using the Actual Return and the actual value of your ASF account as of June 30, 2013 is your "**Annuity Savings Fund Excess Amount.**" For an active or terminated employee who has received any distribution from the Annuity Savings Fund other than a total distribution, the difference between (i) the sum of (A) the value of such participant's Annuity Savings Fund account as of June 30, 2013 and (B) all distributions received by such participant from the Annuity Savings Fund during the period beginning July 1, 2003 and ending June 30, 2013 and (ii) the value of your Annuity Savings Fund account as of June 30, 2013 calculated using the Actual Return will be your Annuity Savings Fund Excess Amount.

Your Annuity Savings Fund Excess Amount, *subject to the 20% cap described above*, will then be deducted from your ASF account and irrevocably contributed to the pool of all GRS assets. The pool of all GRS assets can be used to fund all GRS participants' Adjusted Pensions. For those who took partial distributions, some of the recovery may also be deducted from your future pension checks. Your Class 11 GRS Ballot will show your Annuity Savings Fund Excess Amount as calculated by the City. **Even with the recovered amount, your Annuity Savings Fund account value after recoupment will be greater than the amounts you actually contributed into the Annuity Savings Fund and will**

**reflect all interest credited by the GRS trustees to your Annuity Savings Fund account for the plan years prior to June 30, 2003.**

b. Recoupment from Persons who Previously Took Total Annuity Savings Fund Account Distributions. For each GRS participant who participated in the Annuity Savings Fund ("**ASF**") at any time during the period from July 1, 2003 through June 30, 2013, but who has already received a total distribution from the ASF, the City will re-calculate that participant's ASF account value by applying the "Actual Return." "**Actual Return**" means the actual net return percentage on invested GRS assets for each year from July 1, 2003 through June 30, 2013 unless the return is greater than 7.9% (in which case 7.9% will be used) or less than 0% (in which case 0% will be used). Your "**Annuity Savings Fund Excess Amount**" shall be the difference between (i) the value of your ASF account as of the date of distribution from the Annuity Savings Fund, provided such date falls between July 1, 2003 and June 30, 2013, and (ii) the value your ASF account as of such date, using the Actual Return. Your Annuity Savings Fund Excess Amount will be capped at 20% of your distribution received from the Annuity Savings Fund and will then be converted into monthly annuity amounts based on your life expectancy and other factors. The monthly Annuity Savings Fund Excess Amount will be deducted from your monthly pension check. Your Class 11 GRS Ballot will show (i) the Annuity Savings Fund Excess Amount and (ii) the monthly amount that will be deducted from your monthly GRS pension payments.

Example 1: Jeffrey Gray is age 70. He currently receives a \$30,000 GRS pension, plus he is entitled to an annual 2.00% increase (COLA) in his \$30,000 pension each July 1. He also participated in the ASF program, and on January 1, 2010 he took a \$100,000 distribution of his ASF account. The value of his Annuity Savings Fund Excess Amount is \$25,000 but will be capped at \$20,000 (or 20% of Gray's ASF distribution). When the \$20,000 is converted into a monthly annuity for life, it is equivalent to a \$2,271 annual pension.

If Classes 10 and 11 approve the Plan, Jeffrey Gray's pension will be reduced to \$26,379. This represents a \$3,621 reduction in his pension. Of the \$3,621, \$2,271 is attributable to the Annuity Savings Fund Excess Amount, and \$1,350 is attributable to the 4.5% across-the-board pension reduction. Gray will begin to receive \$26,379 per year, and it will not be increased annually. He will receive \$26,379 annually for life (unless some of his pension cuts are restored, as in example 3 below, in which case his annual pension will increase).

But if Classes 10 and 11 do not approve the Plan, Gray will begin to receive \$19,029 per year, and it will not be increased annually. He will receive \$19,029 annually for life (unless some of his pension cuts are restored, as in example 3 below, in which case his annual pension will increase).

Example 2: Robert Green is age 42 and an active employee. As of June 30, 2014, he will have earned – based on his then salary and years of service – a \$30,000 annual pension. He also will have earned a right to a 2.00% annual increase (COLA) in that \$30,000 pension each year following retirement. Green also has participated for the last 10 years in the ASF, and his account has a value of \$100,000. The value of his Annuity Savings Fund Excess Amount is \$25,000, but applying the 20% cap will bring that amount down to \$20,000. Green works for another 10 years, and retires on July 1, 2024. Under the New GRS Accrued Pension, he earns a \$7,500 pension for life.

If Classes 10 and 11 approve the Plan, Green's \$30,000 frozen accrued pension is reduced to \$28,650, and he loses the right to the 2.00% COLA. In addition, his ASF account will be reduced in value from \$100,000 to \$80,000. When he retires in 10 years, Johnson will receive the following: (i) the then value of his ASF account; (ii) an annual \$28,650 pension under the old formula (or more, if his pension cuts are restored, as in example 3 below); plus (iii) an annual \$7,500 pension under the GRS New Accrued Pension, for a total annual pension for life of \$36,150. The pension amount will not be increased annually.

But if Classes 10 and 11 do not approve the Plan, Green will receive at retirement \$28,800 per year at retirement (\$21,300 + \$7,500), and it will not be increased annually. He will receive \$28,800 annually for life (unless some of his pension cuts are restored, as in example 3 below, in which case his annual pension will increase).

Example 3: Jill Blue, age 60, has her current \$30,000 annual pension reduced to \$26,864 per year. Jill Blue also had previously received a distribution from her ASF account of \$100,000, and \$25,000 of that

sum constituted Annuity Savings Fund Excess Amount, but applying the 20% cap will bring that amount down to \$20,000. Of the \$3,136 reduction in Blue's pension, \$1,786 is attributable to the annuity value of her \$20,000 Annuity Savings Fund Excess Amount. The remainder of the reduction, \$1,350, is attributable to the 4.5% across-the-board pension cuts. In 2018, the GRS actuaries conclude that, because of strong investment performance, the projected funding level of GRS in 2023 will be 85%, and that \$200 million in current GRS assets are available to restore some of the cuts that took place in 2014. The GRS trustees, based on the advice of the GRS actuaries, determine that the \$200 million will fund 30% of the across-the-board pension cut that was taken away. 30% of \$1,350 is \$405. Beginning July 1, 2018, Jill Blue will have \$405 of her pension restored and will receive \$27,269 for life.

### **Fund for Income Stabilization**

The trust agreements of each of GRS and PFRS will be amended to provide a supplemental pension income stabilization benefit ("**Income Stabilization Benefit**") to each Eligible Pensioner (defined below) equivalent to the lesser of (a) the amount needed to restore 100% of the individual's reduced pension payment to the amount of the pension payment that the Eligible Pensioner received in actual dollars in 2013; or (b) the amount needed to bring the total household income of the Eligible Pensioner up to 130% of the Federal Poverty Level in the year in which the pension is received.

The GRS Income Stabilization Benefits will be paid from the Income Stabilization Fund of GRS. The Income Stabilization Fund of GRS will be funded with certain proceeds of a settlement with certain bond creditors, up to an aggregate amount of \$20 million to be divided between the Income Stabilization Fund of GRS and the Income Stabilization Fund of PFRS.

In the event that, in 2022 (provided that the State has not issued a certificate of default with respect to GRS at any time prior to 2022), it is the opinion of at least 75% of the independent members of the board of trustees of GRS that the Income Stabilization Fund of GRS has more assets than it needs to provide Income Stabilization Benefits, the GRS board of trustees may, in its sole discretion, permit the excess assets, in an amount not to exceed \$35 million in the aggregate between both GRS and PFRS, to be used to fund the Adjusted Pension Amounts payable by

GRS. In the event that any funds remain in the Income Stabilization Fund of GRS on the date upon which no Eligible Pensioners under GRS remain, such funds shall be used to fund the Adjusted Pension Amounts payable by GRS.

**"Eligible Pensioners"** are those retirees or surviving spouses who hold a Pension Claim and who are eligible to receive Income Stabilization Benefits because such Holder (a) is, as of the effective date of the Plan, at least 60 years of age or a minor child receiving survivor benefits from GRS and (b) has an aggregate annual household income equal to or less than 140% of the Federal Poverty Level in 2013 (per their (or in the case of minor children, their legal guardian's) 2013 income tax returns or equivalent documentation). No new persons will be eligible to receive Income Stabilization Benefits at any time in the future, and any minor child receiving survivor benefits shall cease to be an Eligible Pensioner after he or she turns 18 years of age.

### ***PLAN RELEASES***

**If the Plan is confirmed, it will be binding on you. You will have no right to demand that the City pay you the full original amounts it owed for your pension. You will only have the right to your reduced pension benefits under the Plan.**

#### Comprehensive State Release

In addition to protection from further claims against the City that is a standard part of any plan of adjustment, the Plan also proposes to grant to the State of Michigan, its officials and certain other related parties a comprehensive release of any obligation they might have with respect to your pension claim and other claims against the City.<sup>6</sup> This is called the **"Comprehensive State Release."** The Bankruptcy Court will have to approve this Comprehensive State Release, and it may not do so. If the Comprehensive State Release is approved, **you will not be allowed to sue the State, the City or any State entities to restore pension benefits or argue that the City did not have the power to reduce pensions, even if you vote to reject the Plan.**

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<sup>6</sup> Specifically, this release would release all claims and liabilities arising from or related to the City, the chapter 9 case (including the authorization given to file the chapter 9 case), the Plan and exhibits thereto, the Disclosure Statement, PA 436 and its predecessor or replacement statutes, and Article IX, § 24 of the Michigan Constitution.

**If the Bankruptcy Court does not approve the Comprehensive State Release, the State does not have to contribute its \$350 million State Contribution to the Pension Funds.** If the State's money is not contributed, then none of the other sources of Outside Funding will make their payments, either. In that case, none of the \$816 million in contributions will be made to the pension plans, and your pension benefit cuts will be at the higher levels set forth in the chart on page 7 (29% reduction + elimination of COLA + Annuity Savings Fund Recoupment).

Release by Claim Holders Accepting the Plan

The Plan also provides for an "**Accepting Holders Release.**" The Accepting Holders Release would be granted by individual creditors by their accepting the Plan. This means that if you individually vote to accept the Plan, you will be personally releasing the City and its related entities, the State and its related entities, the Retiree Committee, the members of the Retiree Committee, the Retiree Committee professionals, the foundations and other organizations who are providing Outside Funding and their related entities **except for** such parties' gross negligence or willful misconduct.

**In other words, if you vote to accept the Plan, you will not be allowed to sue the State, the City or any State entities to restore pension benefits or argue that the City did not have the power to reduce pensions.**

### **Exhibit 6C.3**

Plain Language Insert – Class 12 OPEB Claims

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

	-----X	
	:	
In re	:	Chapter 9
	:	
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
	:	
	-----X	

---

**NOTICE REGARDING PROPOSED CHANGES TO  
POST-EMPLOYMENT HEALTHCARE BENEFITS  
IN THE CITY'S PLAN OF ADJUSTMENT**

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**Introduction**

This Notice gives retirees or surviving beneficiaries who are currently receiving non-pension post-employment healthcare and other welfare benefits from the City of Detroit a short summary as to how the City's proposed plan of adjustment (the "**Plan**") and the restructuring described in the Plan will affect your future retiree health and death benefits.

This Notice provides you with:

- background information about the process for approval of the Plan by the Bankruptcy Court, and
- details about how the proposed Plan will impact your benefits.

**IF APPROVED BY THE BANKRUPTCY COURT, THE CITY'S PLAN OF ADJUSTMENT WILL REDUCE YOUR RETIREE HEALTH AND RETIREE DEATH BENEFITS. YOU CAN VOTE FOR OR AGAINST THE PLAN, BUT YOU CANNOT AVOID A REDUCTION IN YOUR RETIREE HEALTH BENEFITS OR RETIREE DEATH BENEFITS BY REFUSING TO VOTE ON THE PLAN.**

**YOUR VOTE MATTERS.**

**PLEASE READ THIS ENTIRE NOTICE CAREFULLY. DETAILS OF HOW TO OBTAIN ADDITIONAL INFORMATION REGARDING THE CONTENTS OF THIS NOTICE ARE PROVIDED BELOW.**

***BACKGROUND REGARDING  
DETROIT'S RETIREE HEALTHCARE OBLIGATIONS***

The City provides to its retirees, and their spouses and dependents, health insurance (including dental and vision benefits) and retiree death benefits – these are known in the Plan as "**OPEB**" (Other Post-Employment Benefits). These healthcare, dental and vision benefits are completely unfunded. This means the City has not set aside money to pay these benefits. In the case of death benefits, the City provides a lump sum benefit upon the death of an employee and certain retirees who make voluntary contributions to fund this benefit. The City has established a trust account into which contributions made by retirees, employees and the City have been deposited. This account has enough money to provide approximately 96% of the expected death benefits. Therefore, this account is also underfunded.

Historically, the City has paid the cost of annual retiree health, dental and vision insurance benefits or stipends on a "pay-as-you-go" basis from its General Fund. The cost to provide retiree health, dental and vision insurance to retirees during the course of their retirement and the underfunding associated with the death benefit trust account are also debts of the City. Those debts also create a claim in the bankruptcy. This is called the "**OPEB Claim**" in the Plan. The City proposes to turn over the responsibility of providing OPEB benefits to new entities in the Plan and to contribute to those new entities only a fixed sum for future retiree health, dental and vision benefits rather than the full cost of those benefits.

**If, as of March 1, 2014, you were a retiree, or surviving beneficiary of a retiree, and you are receiving, or entitled to receive, health insurance (including dental and vision benefits) and/or you are covered by the death benefit program so that your survivors are eligible for death benefits from the City, you have an OPEB Claim in the bankruptcy. Active employees do not have an OPEB Claim. As a holder of an OPEB Claim as of March 1, 2014, you have a right to vote on how the City proposes to reduce and restructure your retiree health and retiree death benefits and the other terms of the Plan.**

**BACKGROUND REGARDING**  
**DETROIT'S PLAN FOR THE ADJUSTMENT OF ITS DEBTS**

**The Plan and Disclosure Statement**

On April 16, 2014, the City of Detroit filed the Plan. The Plan is a legal document that contains the terms of the City's proposed restructuring. Among other things, the Plan proposes to restructure OPEB benefits.

Along with the Plan, the City also filed a document called the "Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit." That document is referred to as the "**Disclosure Statement.**" The Disclosure Statement provides more detailed information on various aspects of the proposed Plan and the City's bankruptcy case including, among other things:

- the circumstances leading up to the City filing for bankruptcy;
- key events during the bankruptcy case;
- a description of how the Plan will restructure the City's debts for different types of creditors, including retirees and active or former City employees, by reducing or changing the amounts it will pay and the timing and terms of repayment;
- how the City proposes to implement the Plan;
- the legal effects of approval of the Plan by the Bankruptcy Court;
- instructions regarding voting on the Plan; and
- risk factors associated with the Plan.

**Classification of OPEB Claims in the Plan**

**Under the Plan, claims against the City are divided into different classes. Claims related to retiree healthcare and death benefits – OPEB Claims – are in Class 12.**

***OPEB (Retiree Health (Including Vision and Dental) and Death Benefits)***

**If you are a retiree or a surviving beneficiary and are receiving retiree health benefits, or are entitled to retiree death benefits from the City, you are a holder of what the Plan calls an "OPEB Claim," and it is included in Class 12 of the Plan.** As a holder of an OPEB Claim, you are entitled to vote on the Plan. The City generally requires that, to be eligible for retiree health benefits, a retiree must be receiving monthly pension payments from GRS or PFRS. Therefore, most people who hold an OPEB Claim also hold either a GRS pension claim in Class 11 or a PFRS pension claim in Class 10.

The estimated amount of all OPEB Claims for purposes of voting on the Plan is \$3,334,400,000. This amount represents the estimated present value of the cost of the City's future obligations, as of June 30, 2013, for the City to continue to provide retiree health benefits (including dental and vision) and death benefits into the future under the programs that were in effect at the time the City filed its chapter 9 petition. If you are the holder of an OPEB Claim, the estimated value of your OPEB Claim is equal to your share of this \$3,334,400,000 and is stated on the Ballot that you received with this Notice. Your share is calculated based in part on your age and life expectancy, and also on the projected cost of future health care. The claim amount stated on your Ballot is the estimated amount of your OPEB Claim **only for purposes of voting** on the Plan. It is not the value of your OPEB benefits, and it is not a promise by the City to pay that amount under the Plan.

**If you have both a Pension Claim and an OPEB Claim, you will get a separate Ballot for each claim. You will also get a different Notice in addition to this Notice.**

## **The Solicitation Package and Voting**

On [\_\_\_\_], 2014, the Bankruptcy Court authorized the City to distribute the Plan and Disclosure Statement to its creditors and to solicit their votes to accept or reject the Plan. The Bankruptcy Court also authorized the City to send a paper copy of this Notice to you and others who receive pensions or retiree health or death benefits. This Notice and the other documents are intended to provide you with information on how the terms of the Plan will affect your benefits in the future. The accompanying Ballot is intended to allow you to cast your vote to accept or reject the Plan.

Your vote for or against the Plan will be counted and reported to the Bankruptcy Court and included in (i) the total number of votes cast for or against the Plan in your class and (ii) the total amount of claims voting either for or against the Plan. **Your vote matters. You cannot avoid a modification in your OPEB benefits by refusing to vote.**

If you would like to receive a paper copy of the Plan and the Disclosure Statement, you may obtain one, free of charge, by:

- calling the City's toll-free restructuring hotline at (877) 298-6236;
- visiting the City's restructuring website at [www.kccllc.net/detroit](http://www.kccllc.net/detroit); or
- writing to the City's claims and noticing agent at the following address:

City of Detroit c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
El Segundo, CA 90245

The package containing this Notice should also contain the following materials:

1. A cover letter describing: (a) the materials you received along with this Notice; (b) the contents of the enclosed CD-ROM and instructions with respect to its use; and (c) information about how to obtain, at no charge, paper copies of any materials provided on the CD-ROM.
2. A paper copy of the notice of the hearing before the Bankruptcy Court to consider whether to confirm – i.e., approve – the City's Plan (the "**Confirmation Hearing Notice**").

3. A CD-ROM containing the Plan and Disclosure Statement and exhibits to them that have been filed as of the date of this mailing (all of which are also available at no charge via the internet at <http://www.kccllc.net/detroit>).
4. A letter from the City recommending that you vote to accept the Plan.
5. A letter from the Retired Detroit Police and Fire Fighters Association and possibly other parties.
6. A Ballot for your OPEB Claim with instructions on how to complete the Ballot and a Ballot return envelope. Your Ballot also contains information necessary for you to either accept or reject the Plan and its proposed treatment of your OPEB Claim in Class 12. **Please read the instructions, and complete and return the Ballot early enough so that it will be actually received by the Claims Agent in California by no later than June 30, 2014.**

***HOW THE PLAN TO ADJUST DETROIT'S DEBTS  
AFFECTS YOUR FUTURE OPEB (RETIREE HEALTH, DENTAL, VISION  
& DEATH BENEFITS)***

Under the Plan, the City will no longer sponsor and maintain retiree health or death benefits programs for existing retirees, surviving beneficiaries and their dependents. Instead, the City will establish two voluntary employees' beneficiary association trusts (known as a "**VEBA**") – one for PFRS-related retirees and one for GRS-related retirees. The two VEBAs will be responsible for providing retiree health benefits beginning January 1, 2015 to existing retirees, surviving beneficiaries and their eligible dependents.

**Detroit VEBA for General City Retirees**

Under the Plan, the City will establish the Detroit VEBA to provide health benefits to Detroit's non-police and non-fire retirees, surviving spouses and their eligible dependents. The Detroit VEBA will be governed by a board of trustees that will be responsible for, among other things, management of property held by the Detroit VEBA, administration of the Detroit VEBA and determination of the level of and distribution of benefits to Detroit VEBA beneficiaries. The board will be comprised of retiree representatives and independent professionals, and the composition of the initial board will be approved by the Bankruptcy Court. The board members will be appointed by the City, or by other entities based upon further discussion with union representatives and the Retiree Committee. The board will have the authority to determine who is eligible to receive retiree health benefits from the VEBA, and the annual level, design and cost of such benefits.

Under the Plan, the City will provide the Detroit VEBA with its share of a note to be issued to non-pension unsecured creditors. If the City does not make the payments under the note, the persons who operate and manage the Detroit VEBA will have the right to sue the City for payment. The Detroit VEBA trustees may also, in their discretion, seek to "sell" or monetize the note in the market to generate more up-front cash for the Detroit VEBA.

How much the Detroit VEBA trustees may spend on retiree healthcare in any particular year is unknown at this time. It is also unknown how long the money in the Detroit VEBA trust will last because that will depend upon the benefits to be provided. It is likely, however, that the amount of the note to be provided to the Detroit VEBA by the City under the Plan in satisfaction of the OPEB Claim will

not be enough to provide the same level of benefits over the long term as the City began providing to retirees and surviving beneficiaries in March 2014.

Further, the value of the healthcare that may be provided to retirees by the Detroit VEBA trust or (any other trust that may be created) is subject to various factors, including but not limited to: whether or not a retiree is eligible for Medicare (generally 65 or older) or Medicaid (depending on income level and state residency); costs of future premiums, co-pays and deductibles; whether the Affordable Care Act continues in effect, and if so, in what form; and whether tax credits that currently exist to reduce healthcare costs to low-to-middle income persons continue.

If the Plan is approved by the Bankruptcy Court, regardless of your vote on the Plan, the new Detroit VEBA board of trustees will make the determination of what level and form of healthcare benefits will be provided to current retirees based on the amount of money available to the Detroit VEBA trust under the Plan and the exercise of their reasonable discretion.

### **Detroit Police and Fire VEBA**

Under the Plan, the City will establish the Detroit Police and Fire VEBA to provide health benefits to retired employees of the Detroit Police Department and the Detroit Fire Department who do not participate in (or have the right to participate in) the GRS and their surviving beneficiaries and eligible dependents. The Detroit Police and Fire VEBA will be governed by a board of trustees that will be responsible for, among other things, management of property held by the Detroit Police and Fire VEBA, administration of the Detroit Police and Fire VEBA and determination of the level of and distribution of benefits to Detroit Police and Fire VEBA beneficiaries. The board will be comprised of retiree representatives and independent professionals, and the composition of the initial board will be approved by the Bankruptcy Court. The board members will be appointed by the City, the Retiree Committee and the Retired Detroit Police and Fire Fighters Association. The board will have the authority to determine who is eligible to receive retiree health or other welfare benefits, including death benefits, from the VEBA, and the annual level, design and cost of such benefits.

Under the Plan, the City will provide the Detroit Police and Fire VEBA with its share of a note to be issued to non-pension unsecured creditors. If the City does not make the payments under the note, the persons who operate and manage the Detroit Police and Fire VEBA will have the right to sue the City for payment. The

Detroit Police and Fire VEBA trustees may also, in their discretion, seek to "sell" or monetize the note in the market to generate more up-front cash for the Detroit Police and Fire VEBA.

How much the Detroit Police and Fire VEBA trustees may spend on retiree healthcare benefits in any particular year is unknown at this time. It is also unknown how long the money in the Detroit Police and Fire VEBA trust will last because that will depend upon the benefits to be provided. It is likely, however, that the amount of the note to be provided to the Detroit Police and Fire VEBA by the City under the Plan in satisfaction of the OPEB Claim will not be enough to provide the same level of benefits over the long term as the City began providing to retirees and surviving beneficiaries in March 2014.

Further, the value of the healthcare that may be provided to retirees by the Detroit Police and Fire VEBA trust or (any other trust that may be created) is subject to various factors, including but not limited to: whether or not a retiree is eligible for Medicare (generally 65 or older) or Medicaid (depending on income level and state residency); costs of future premiums, co-pays and deductibles; whether the Affordable Care Act continues in effect, and if so, in what form; and whether tax credits that currently exist to reduce healthcare costs to low-to-middle income persons continue.

If the Plan is approved by the Bankruptcy Court, regardless of your vote on the Plan, the new Detroit Police and Fire VEBA board of trustees will make the determination of what level and form of healthcare benefits will be provided to current retirees based on the amount of money available to the Detroit Police and Fire VEBA trust under the Plan and the exercise of their reasonable discretion.

### **Death Benefits**

The City provides the death benefit program through a separate trust fund. The death benefit trust fund will not be merged into or operated by either the Detroit VEBA or the Detroit Police and Fire VEBA. Instead, the City will no longer have responsibility to contribute money into the existing death benefit trust fund. The trustees of the death benefit trust will continue to manage the trust assets and employ the staff of the Retirement Systems to administer the timely disbursement of benefits. The costs of administration will be borne by the assets of the trust.

Active employees as of March 1, 2014 do not have an OPEB Claim. Future OPEB benefits, if any, for active employees will be subject to the terms of future contracts between the City and its active employees.

## ***PLAN RELEASES***

**If the Plan is confirmed, it will be binding on you. You will have no right to demand that the City pay you the full original amounts it owed for your OPEB benefits. You will only have the right to your modified OPEB benefits under the Plan.**

### Comprehensive State Release

In addition to protection from further claims against the City that is a standard part of any plan of adjustment, the Plan also proposes to grant to the State of Michigan, its officials and certain other related parties a comprehensive release of any obligation they might have with respect to your pension claim and other claims against the City.<sup>1</sup> This is called the "**Comprehensive State Release.**" The Bankruptcy Court will have to approve this Comprehensive State Release, and it may not do so. If the Comprehensive State Release is approved, **you will not be allowed to sue the State, the City or any State entities to restore OPEB benefit modifications, even if you vote to reject the Plan.**

### Release by Claim Holders Accepting the Plan

The Plan also provides for an "**Accepting Holders Release.**" The Accepting Holders Release would be granted by individual creditors by their accepting the Plan. This means that if you individually vote to accept the Plan, you will be personally releasing the City and its related entities, the State and its related entities, the Retiree Committee, the members of the Retiree Committee, the Retiree Committee professionals, the foundations and other organizations who are providing Outside Funding and their related entities **except for** such parties' gross negligence or willful misconduct.

**In other words, if you vote to accept the Plan, you will not be allowed to sue the State, the City or any State entities to restore OPEB benefit modifications.**

---

<sup>1</sup> Specifically, this release would release all claims and liabilities arising from or related to the City, the chapter 9 case (including the authorization given to file the chapter 9 case), the Plan and exhibits thereto, the Disclosure Statement, PA 436 and its predecessor or replacement statutes, and Article IX, § 24 of the Michigan Constitution.

**Exhibit 6D.1**

Class 10 Ballot – Active and Former Employees

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 10: PFRS Pension Claims – Active and Former Employees  
Claimant's [Name/Identifier]: [\_\_\_\_\_] ☐  
Allowed Claim for Voting Purposes: \$[\_\_\_\_\_] ☐

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.  
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE  
DETERMINED BY THE POLICE AND FIRE RETIREMENT  
SYSTEM AT THE TIME OF YOUR RETIREMENT. YOUR  
ACTUAL PENSION AMOUNTS MAY BE MORE OR LESS THAN  
THE ESTIMATES CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR ACTIVE OR FORMER EMPLOYEES WHO WERE NOT RECEIVING PENSION PAYMENTS FROM THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT ("PFRS") AS OF MARCH 1, 2014 (THE "PENSION RECORD DATE").

PFRS PENSION CLAIMS ARE INCLUDED IN CLASS 10 UNDER THE *SECOND AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (APRIL 16, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying *Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit (April 16, 2014)* (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on April [\_\_\_\_], 2014. By orders entered on March 11, 2014 and April [\_\_\_\_], 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because, as of March 1, 2014, (a) you were an active employee or former employee of the City, (b) you were not receiving pension payments and (c) you are a Holder of a PFRS Pension Claim.

Your PFRS Pension Claim has been temporarily allowed in the estimated amount of \$[\_\_\_\_\_] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

The Plan proposes two possible treatments for PFRS Pension Claims. The results of the voting on the Plan will determine whether the PFRS will receive money from proposed settlements with third-party foundation funders, the Detroit Institute of Arts and the State of Michigan (the "Outside Funding"). The Outside Funding also depends, in part, on Bankruptcy Court approval of the settlements and the fulfillment by the outside funders of their respective commitments.

**You cannot avoid a reduction of your pension benefits by refusing to vote. If the Plan is confirmed, your pension will be reduced.**

**RELEASES: If you vote to accept the Plan, you will be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension. If Classes 10 and 11 vote to accept the Plan so that the State funding will be made, you will not have any right to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension.**

**ALTERNATIVE A: If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan** and the Court approves the Plan, the Outside Funding will be contributed to PFRS. Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the simple calculation set forth on Annex I to this Ballot to determine the annual amount of your total retirement allowance. Enter the result here: \_\_\_\_\_

Line 2: Divide the amount from Line 2 by 12 and enter the result here: \_\_\_\_\_

The amount you entered in Line 2 is your estimated initial future monthly pension payment (the "Initial Monthly Pension").

Your Initial Monthly Pension will increase by a 1.0125% escalator each year following your retirement.

The amount of the PFRS liabilities that is represented by the hard freeze of PFRS as of June 30, 2013 is [\$\_\_\_\_\_], or \_\_\_\_% of the total PFRS liabilities.

\*\*\*

**ALTERNATIVE B:** If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to PFRS. Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the simple calculation set forth on Annex I to this Ballot to determine the annual amount of your total retirement allowance. Enter the result here: \_\_\_\_\_

Line 2: Divide the amount from Line 1 by 12 and enter the result here: \_\_\_\_\_

The amount you entered in Line 2 is your estimated future monthly pension payment.

The amount of the PFRS liabilities that is represented by the hard freeze of PFRS as of June 30, 2013 is [\$ \_\_\_\_\_], or \_\_\_\_% of the total PFRS liabilities.

\*\*\*

In addition, if you vote for the Plan and the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to PFRS.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

#### **THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 10 to Accept the Plan:** Class 10 will be considered to have accepted the Plan if the holders of at least two-thirds in amount and more than one-half in number of the PFRS Pension Claims in Class 10 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.
- (c) **Standard to Confirm the Plan if Class 10 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 10 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

#### **SUBMITTING YOUR BALLOT:**

If you were not an active or former employee of the City as of the Pension Record Date, if you did not hold a PFRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your PFRS Pension Claim against the City has been placed in Class 10 under the Plan. **The attached Ballot is designated only for individuals who were employed by the City or who were former employees as of March 1, 2014 to vote PFRS Pension Claims in Class 10 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. Such provisions include a release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not an active or former employee of the City who was not yet receiving a pension as of the Pension Record Date, if you were not a Holder of a PFRS Pension Claim as of the Pension Record Date or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS HAVING BEEN CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES ON THE NEXT PAGE, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, an active or former employee of the City who was not yet receiving a pension and is a PFRS Pension Claim Holder in Class 10 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

**If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your pension.**

**If you accept the Plan, you are also voting to approve certain other cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. These provisions include the release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor parties.**

Creditor [Name/Identifier]: [To be Inserted by the City]

Amount of Pension Claim: [To be Inserted by the City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. was an active or former employee of the City as of March 1, 2014;
- ii. was not receiving pension payments from the PFRS as of March 1, 2014;
- iii. is the Holder of a PFRS Pension Claim in Class 10 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iv. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) letters from PFRS, the Retired Detroit Police and Fire Fighters Association and possibly from other parties;
- v. has not submitted any other Ballots for Class 10 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- vi. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

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Name

---

Social Security or Federal Tax I.D. No. (optional)

---

Signature

---

If by Authorized Agent, Name and Title

---

Street Address

---

City, State, Zip Code

---

Telephone Number

---

Date Completed

---

Email Address

## **Annex I**

### **Pension Benefit Estimation Calculator**

#### **If you were hired prior to 1-1-69 (OLD PLAN)**

Your total retirement allowance (pension plus annuity) is equal to two and one-half percent (2.50%) of your average final compensation multiplied by your years of credited service, not to exceed 25 years. The pension portion cannot exceed fifteen/twenty-seconds (15/22) of the maximum earnable compensation of a patrolman/firefighter.

Average final compensation is the average of the "maximum rate of pay" fixed by the budget, at the time of your termination, of your rank or ranks held during your last five years of service (effective July 1, 2000, last three years for DPCOA and Executive members and their Fire equivalents), plus the value of your last full longevity payment.

Members hired prior to 1-1-69 also have the option to retire under the "New Plan" provisions, which are discussed below.

#### **If you were hired on or after 1-1-69 (NEW PLAN)**

Your total retirement allowance (pension plus annuity) is equal to two and one-half percent (2.50%) of your average final compensation for the first 25 years of credited service and two and one-tenth percent (2.10%) for years beyond 25 to a maximum of 35 years of service.

Average final compensation is the same as under the "Old Plan."

You can view these instructions online at <http://www.pfrsdetroit.org/index.aspx?pagename=faqs&pageid=4#2>.

The online PFRS Retirement Benefit Estimator can be accessed at this website address:

<http://www.pfrsdetroit.org/index.aspx?pagename=benefit-estimate&pageid=6>.

**Annex II**

COLA Charts

## The Police and Fire Retirement System of the City of Detroit

Hired Prior to 1/1/69 - Old Plan

COLAs Not Affected by Recent 10% Reduction in Salary

Approximate Reduction in Liability Due to Elimination of COLA

### Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age and gender.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and your gender.

Current Age	Male	Female
50	26.5%	27.3%
51	26.0%	26.8%
52	25.5%	26.3%
53	25.0%	25.9%
54	24.4%	25.4%
55	23.9%	24.9%
56	23.3%	24.4%
57	22.8%	23.9%
58	22.2%	23.4%
59	21.7%	22.8%
60	21.1%	22.3%
61	20.5%	21.8%
62	19.9%	21.2%
63	19.4%	20.7%
64	18.8%	20.1%
65	18.2%	19.6%
66	17.6%	19.0%
67	17.0%	18.4%
68	16.4%	17.9%
69	15.7%	17.3%
70	15.1%	16.7%
71	14.5%	16.1%
72	13.9%	15.6%
73	13.3%	15.0%
74	12.7%	14.4%
75	12.1%	13.8%
76	11.6%	13.3%
77	11.0%	12.7%
78	10.4%	12.1%
79	9.9%	11.6%
80	9.4%	11.0%
81	8.9%	10.5%
82	8.4%	10.0%
83	7.9%	9.5%
84	7.4%	9.0%
85	7.0%	8.6%
86	6.6%	8.1%
87	6.2%	7.7%
88	5.8%	7.4%
89	5.4%	7.0%
90	5.1%	6.7%
91	4.8%	6.4%
92	4.5%	6.1%
93	4.2%	5.8%
94	3.9%	5.6%
95	3.7%	5.3%

## The Police and Fire Retirement System of the City of Detroit

Hired Prior to 1/1/69 - Old Plan

COLAs Affected by Recent 10% Reduction in Salary

Approximate Reduction in Liability Due to Elimination of COLA

### Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age and gender.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and your gender.

Current Age	Male	Female
50	20.3%	21.2%
51	19.8%	20.7%
52	19.3%	20.2%
53	18.7%	19.7%
54	18.2%	19.2%
55	17.7%	18.7%
56	17.1%	18.2%
57	16.5%	17.6%
58	16.0%	17.1%
59	15.4%	16.6%
60	14.8%	16.0%
61	14.2%	15.5%
62	13.6%	14.9%
63	13.0%	14.4%
64	12.4%	13.8%
65	11.9%	13.2%
66	11.3%	12.7%
67	10.7%	12.1%
68	10.1%	11.6%
69	9.5%	11.0%
70	8.9%	10.4%
71	8.3%	9.9%
72	7.8%	9.3%
73	7.2%	8.8%
74	6.7%	8.2%
75	6.2%	7.7%
76	5.7%	7.2%
77	5.2%	6.7%
78	4.7%	6.2%
79	4.3%	5.7%
80	3.8%	5.2%
81	3.4%	4.8%
82	3.1%	4.4%
83	2.7%	4.0%
84	2.4%	3.6%
85	2.1%	3.3%
86	1.8%	3.0%
87	1.6%	2.7%
88	1.4%	2.4%
89	1.2%	2.2%
90	1.0%	2.0%
91	0.9%	1.8%
92	0.8%	1.7%
93	0.7%	1.5%
94	0.6%	1.4%
95	0.5%	1.2%

# The Police and Fire Retirement System of the City of Detroit

Hired after 1/1/69 - New Plan

Simple COLA

Approximate Reduction in Liability Due to Elimination of COLA

Female Participants

## Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age on the left and the nearest year of retirement across the top.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and the 2014 year of retirement.

Current Age	Year of Retirement											
	2014	2009	2004	1999	1994	1989	1984	1979	1974	1969	1964	1959
38	22.0%											
39	21.9%											
40	21.7%											
41	21.5%											
42	21.3%											
43	21.1%	19.4%										
44	20.9%	19.2%										
45	20.7%	19.0%										
46	20.5%	18.9%										
47	20.3%	18.6%										
48	20.1%	18.4%	17.0%									
49	19.9%	18.2%	16.8%									
50	19.6%	18.0%	16.6%									
51	19.4%	17.8%	16.4%									
52	19.1%	17.5%	16.2%									
53	18.9%	17.3%	15.9%	14.8%								
54	18.6%	17.0%	15.7%	14.6%								
55	18.3%	16.8%	15.5%	14.4%								
56	18.0%	16.5%	15.2%	14.1%								
57	17.7%	16.2%	15.0%	13.9%								
58	17.4%	16.0%	14.7%	13.6%	12.7%							
59	17.1%	15.7%	14.4%	13.4%	12.5%							
60	16.8%	15.4%	14.2%	13.1%	12.2%							
61	16.5%	15.1%	13.9%	12.9%	12.0%							
62	16.2%	14.8%	13.6%	12.6%	11.8%							
63	15.9%	14.5%	13.3%	12.4%	11.5%	10.8%						
64	15.5%	14.2%	13.0%	12.1%	11.2%	10.5%						
65	15.2%	13.9%	12.8%	11.8%	11.0%	10.3%						
66	14.8%	13.5%	12.5%	11.5%	10.7%	10.0%						
67	14.5%	13.2%	12.1%	11.2%	10.5%	9.8%						
68	14.1%	12.9%	11.8%	11.0%	10.2%	9.5%	8.9%					
69	13.8%	12.6%	11.5%	10.7%	9.9%	9.3%	8.7%					
70	13.4%	12.2%	11.2%	10.4%	9.6%	9.0%	8.5%					
71	13.0%	11.9%	10.9%	10.1%	9.4%	8.7%	8.2%					
72	12.7%	11.5%	10.6%	9.8%	9.1%	8.5%	8.0%					
73	12.3%	11.2%	10.2%	9.5%	8.8%	8.2%	7.7%	7.3%				
74	11.9%	10.8%	9.9%	9.2%	8.5%	7.9%	7.5%	7.0%				
75	11.5%	10.4%	9.6%	8.8%	8.2%	7.7%	7.2%	6.8%				
76	11.1%	10.1%	9.2%	8.5%	7.9%	7.4%	6.9%	6.5%				
77	10.7%	9.7%	8.9%	8.2%	7.6%	7.1%	6.7%	6.3%				
78	10.3%	9.4%	8.6%	7.9%	7.3%	6.8%	6.4%	6.0%	5.7%			
79	9.9%	9.0%	8.2%	7.6%	7.0%	6.6%	6.2%	5.8%	5.5%			
80	9.5%	8.6%	7.9%	7.3%	6.8%	6.3%	5.9%	5.5%	5.2%			
81	9.1%	8.3%	7.6%	7.0%	6.5%	6.0%	5.6%	5.3%	5.0%			
82	8.7%	7.9%	7.2%	6.7%	6.2%	5.8%	5.4%	5.1%	4.8%			
83	8.3%	7.6%	6.9%	6.4%	5.9%	5.5%	5.1%	4.8%	4.6%	4.3%		
84	8.0%	7.2%	6.6%	6.1%	5.6%	5.2%	4.9%	4.6%	4.4%	4.1%		
85	7.6%	6.9%	6.3%	5.8%	5.4%	5.0%	4.7%	4.4%	4.1%	3.9%		
86	7.3%	6.6%	6.0%	5.5%	5.1%	4.8%	4.5%	4.2%	4.0%	3.7%		
87	6.9%	6.3%	5.7%	5.3%	4.9%	4.5%	4.3%	4.0%	3.8%	3.6%		
88	6.6%	6.0%	5.5%	5.0%	4.7%	4.3%	4.1%	3.8%	3.6%	3.4%	3.2%	
89	6.3%	5.7%	5.2%	4.8%	4.4%	4.1%	3.9%	3.6%	3.4%	3.2%	3.1%	
90	6.0%	5.5%	5.0%	4.6%	4.2%	4.0%	3.7%	3.5%	3.3%	3.1%	2.9%	
91	5.8%	5.2%	4.8%	4.4%	4.1%	3.8%	3.5%	3.3%	3.1%	3.0%	2.8%	
92	5.5%	5.0%	4.6%	4.2%	3.9%	3.6%	3.4%	3.2%	3.0%	2.8%	2.7%	
93	5.3%	4.8%	4.4%	4.0%	3.7%	3.5%	3.2%	3.0%	2.9%	2.7%	2.6%	2.4%
94	5.1%	4.6%	4.2%	3.9%	3.6%	3.3%	3.1%	2.9%	2.8%	2.6%	2.5%	2.3%
95	4.9%	4.4%	4.0%	3.7%	3.4%	3.2%	3.0%	2.8%	2.6%	2.5%	2.4%	2.3%

# The Police and Fire Retirement System of the City of Detroit

Hired after 1/1/69 - New Plan

Simple COLA

Approximate Reduction in Liability Due to Elimination of COLA

Male Participants

## Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age on the left and the nearest year of retirement across the top.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and the 2014 year of retirement.

Current Age	Year of Retirement											
	2014	2009	2004	1999	1994	1989	1984	1979	1974	1969	1964	1959
38	21.9%											
39	21.7%											
40	21.5%											
41	21.3%											
42	21.1%											
43	20.9%	19.2%										
44	20.7%	19.0%										
45	20.5%	18.8%										
46	20.2%	18.6%										
47	20.0%	18.3%										
48	19.7%	18.1%	16.7%									
49	19.5%	17.9%	16.5%									
50	19.2%	17.6%	16.3%									
51	19.0%	17.4%	16.0%									
52	18.7%	17.1%	15.8%									
53	18.4%	16.8%	15.5%	14.4%								
54	18.1%	16.6%	15.3%	14.2%								
55	17.8%	16.3%	15.0%	13.9%								
56	17.5%	16.0%	14.7%	13.7%								
57	17.2%	15.7%	14.5%	13.4%								
58	16.8%	15.4%	14.2%	13.1%	12.2%							
59	16.5%	15.1%	13.9%	12.9%	12.0%							
60	16.2%	14.8%	13.6%	12.6%	11.7%							
61	15.8%	14.4%	13.3%	12.3%	11.5%							
62	15.4%	14.1%	13.0%	12.0%	11.2%							
63	15.1%	13.8%	12.7%	11.7%	10.9%	10.2%						
64	14.7%	13.4%	12.4%	11.4%	10.6%	10.0%						
65	14.4%	13.1%	12.0%	11.1%	10.4%	9.7%						
66	14.0%	12.7%	11.7%	10.8%	10.1%	9.4%						
67	13.6%	12.4%	11.4%	10.5%	9.8%	9.1%						
68	13.2%	12.0%	11.0%	10.2%	9.5%	8.9%	8.3%					
69	12.8%	11.7%	10.7%	9.9%	9.2%	8.6%	8.1%					
70	12.4%	11.3%	10.4%	9.6%	8.9%	8.3%	7.8%					
71	12.0%	10.9%	10.0%	9.2%	8.6%	8.0%	7.5%					
72	11.6%	10.5%	9.7%	8.9%	8.3%	7.7%	7.3%					
73	11.2%	10.2%	9.3%	8.6%	8.0%	7.4%	7.0%	6.6%				
74	10.8%	9.8%	9.0%	8.3%	7.7%	7.2%	6.7%	6.3%				
75	10.3%	9.4%	8.6%	7.9%	7.4%	6.9%	6.4%	6.1%				
76	9.9%	9.0%	8.3%	7.6%	7.1%	6.6%	6.2%	5.8%				
77	9.5%	8.6%	7.9%	7.3%	6.8%	6.3%	5.9%	5.6%				
78	9.1%	8.3%	7.6%	7.0%	6.5%	6.0%	5.6%	5.3%	5.0%			
79	8.7%	7.9%	7.2%	6.6%	6.2%	5.7%	5.4%	5.1%	4.8%			
80	8.3%	7.5%	6.9%	6.3%	5.9%	5.5%	5.1%	4.8%	4.5%			
81	7.9%	7.2%	6.5%	6.0%	5.6%	5.2%	4.9%	4.6%	4.3%			
82	7.5%	6.8%	6.2%	5.7%	5.3%	4.9%	4.6%	4.3%	4.1%			
83	7.1%	6.5%	5.9%	5.4%	5.0%	4.7%	4.4%	4.1%	3.9%	3.7%		
84	6.8%	6.1%	5.6%	5.1%	4.8%	4.4%	4.1%	3.9%	3.7%	3.5%		
85	6.4%	5.8%	5.3%	4.9%	4.5%	4.2%	3.9%	3.7%	3.5%	3.3%		
86	6.0%	5.5%	5.0%	4.6%	4.2%	3.9%	3.7%	3.5%	3.3%	3.1%		
87	5.7%	5.1%	4.7%	4.3%	4.0%	3.7%	3.5%	3.3%	3.1%	2.9%		
88	5.4%	4.9%	4.4%	4.1%	3.8%	3.5%	3.3%	3.1%	2.9%	2.7%	2.6%	
89	5.1%	4.6%	4.2%	3.8%	3.5%	3.3%	3.1%	2.9%	2.7%	2.6%	2.4%	
90	4.8%	4.3%	3.9%	3.6%	3.3%	3.1%	2.9%	2.7%	2.6%	2.4%	2.3%	
91	4.5%	4.0%	3.7%	3.4%	3.1%	2.9%	2.7%	2.6%	2.4%	2.3%	2.2%	
92	4.2%	3.8%	3.5%	3.2%	2.9%	2.7%	2.6%	2.4%	2.3%	2.1%	2.0%	
93	4.0%	3.6%	3.3%	3.0%	2.8%	2.6%	2.4%	2.3%	2.1%	2.0%	1.9%	1.8%
94	3.7%	3.3%	3.1%	2.8%	2.6%	2.4%	2.2%	2.1%	2.0%	1.9%	1.8%	1.7%
95	3.5%	3.1%	2.9%	2.6%	2.4%	2.3%	2.1%	2.0%	1.9%	1.8%	1.7%	1.6%

## The Police and Fire Retirement System of the City of Detroit

Hired after 1/1/69 - New Plan

Compound COLA

Approximate Reduction in Liability Due to Elimination of COLA

### Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age and gender.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and your gender.

Current Age	Male	Female
38	26.9%	27.2%
39	26.6%	26.9%
40	26.3%	26.7%
41	26.0%	26.4%
42	25.7%	26.1%
43	25.4%	25.8%
44	25.1%	25.5%
45	24.8%	25.2%
46	24.4%	24.9%
47	24.1%	24.6%
48	23.7%	24.3%
49	23.4%	23.9%
50	23.0%	23.6%
51	22.6%	23.3%
52	22.2%	22.9%
53	21.8%	22.5%
54	21.4%	22.2%
55	21.0%	21.8%
56	20.6%	21.4%
57	20.2%	21.0%
58	19.8%	20.6%
59	19.3%	20.2%
60	18.9%	19.8%
61	18.4%	19.4%
62	18.0%	19.0%
63	17.5%	18.5%
64	17.0%	18.1%
65	16.6%	17.7%
66	16.1%	17.2%
67	15.6%	16.8%
68	15.1%	16.3%
69	14.7%	15.9%
70	14.2%	15.4%
71	13.7%	15.0%
72	13.2%	14.5%
73	12.7%	14.0%
74	12.2%	13.6%
75	11.7%	13.1%
76	11.2%	12.6%
77	10.7%	12.2%
78	10.3%	11.7%
79	9.8%	11.2%
80	9.3%	10.8%
81	8.9%	10.3%
82	8.4%	9.9%
83	8.0%	9.4%
84	7.6%	9.0%
85	7.2%	8.6%
86	6.8%	8.2%
87	6.4%	7.8%
88	6.0%	7.5%
89	5.7%	7.2%
90	5.4%	6.9%
91	5.1%	6.6%
92	4.8%	6.3%
93	4.5%	6.1%
94	4.2%	5.8%
95	4.0%	5.6%

## The Police and Fire Retirement System of the City of Detroit

### Additional Notes for Active Members

For Police Lieutenants and Sergeants, accruals after April 5, 2011 do not receive a COLA. Therefore, in order to determine the approximate reduction in your present value of benefits due to eliminating the COLA, multiply your reduction factor found in the table provided by a fraction. The numerator of this fraction is your years of service as of April 5, 2011 and the denominator is your years of service as of June 30, 2014. Accordingly, if you were hired after April 5, 2011, none of your benefit will receive a COLA and the reduction in your present value of benefits due to eliminating the COLA is zero.

For all other Police members, accruals after September 1, 2011 do not receive a COLA. Therefore, in order to determine the approximate reduction in your present value of benefits due to eliminating the COLA, multiply your reduction factor found in the table provided by a fraction. The numerator of this fraction is your years of service as of September 1, 2011 and the denominator is your years of service as of June 30, 2014. Accordingly, if you were hired after September 1, 2011, none of your benefit will receive a COLA and the reduction in your present value of benefits due to eliminating the COLA is zero.

**Exhibit 6D.2**

Class 10 Ballot – Retirees

**Ballot, Class 10 PFRS Pension Claims – Retirees**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 10: PFRS Pension Claims – Retirees  
Claimant's [Name/Identifier]: [\_\_\_\_\_] ☐  
Allowed Claim for Voting Purposes: \$[\_\_\_\_\_] ☐

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.  
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE  
DETERMINED BY THE POLICE AND FIRE RETIREMENT  
SYSTEM AFTER THE CITY'S PLAN IS CONFIRMED. YOUR  
ACTUAL PENSION AMOUNTS MAY BE MORE OR LESS THAN  
THE ESTIMATES CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR RETIREES WHO ARE CURRENTLY RECEIVING PENSION PAYMENTS FROM THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT ("PFRS").

PFRS PENSION CLAIMS ARE INCLUDED IN CLASS 10 UNDER THE *SECOND AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (APRIL 16, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying *Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit (April 16, 2014)* (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on April [\_\_\_\_], 2014. By orders entered on March 11, 2014 and April [\_\_\_\_], 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because you are a retired Holder of a PFRS Pension Claim as of March 1, 2014 (the "Pension Record Date").

Your PFRS Pension Claim has been temporarily allowed in the estimated amount of \$[\_\_\_\_\_] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

The Plan proposes two possible treatments for PFRS Pension Claims. The results of the voting on the Plan will determine whether the PFRS will receive money from proposed settlements with third-party foundation funders, The Detroit Institute of Arts and the State of Michigan (the "Outside Funding"). The Outside Funding also depends, in part, on Bankruptcy Court approval of the settlements and the fulfillment by the outside funders of their respective commitments.

**You cannot avoid a reduction of your pension benefits by refusing to vote. If the Plan is confirmed, your pension will be reduced.**

**RELEASES:** If you vote to accept the Plan, you will be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension. If Classes 10 and 11 vote to accept the Plan so that the State funding will be made, you will not have any right to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension.

**ALTERNATIVE A:** If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan and the Court approves the Plan, the Outside Funding will be contributed to PFRS. Under this alternative, your monthly pension payments will stay the same, except that you will only receive 45% of your cost of living adjustments, sometimes called "escalators" ("COLA"):

Current Monthly Pension Payment: \$[\_\_\_\_\_]

Your will continue to receive your Current Monthly Pension Payment as it will increase by a 1.0125% escalator each year.

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**ALTERNATIVE B:** If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to PFRS. Under this alternative, your monthly pension payments will stay the same, and you will not receive any COLA. Thus, you will continue to receive your current monthly pension amount, which is [\_\_\_\_\_], and it will not be increased in the future.

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In addition, if you vote for the Plan **and** the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to the Retiree Committee.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

**THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 10 to Accept the Plan: Class 10 will be considered to have accepted the Plan if** the holders of at least two-thirds in amount and more than one-half in number of the PFRS Pension Claims in Class 10 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.
- (c) **Standard to Confirm the Plan if Class 10 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 10 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

**SUBMITTING YOUR BALLOT:**

If you were not retired as of the Pension Record Date, if you did not hold a PFRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is **actually received** by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your PFRS Pension Claim against the City has been placed in Class 10 under the Plan. **The attached Ballot is designated only for retirees to vote PFRS Pension Claims in Class 10 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. Such provisions include a release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not retired as of the Pension Record Date, if you were not a Holder of a PFRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS HAVING BEEN CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES ON THE NEXT PAGE, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, a retired PFRS Pension Claim Holder in Class 10 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

**If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your pension.**

**If you accept the Plan, you are also voting to approve certain other cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. These provisions include the release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor parties.**

Creditor [Name/Identifier]: [To be Inserted by the City]

Amount of Pension Claim: [To be Inserted by the City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. was retired as of March 1, 2014;
- ii. is the Holder of a PFRS Pension Claim in Class 10 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iii. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) letters from the PFRS, the Retired Detroit Police and Fire Fighters Association and possibly from other parties;
- iv. has not submitted any other Ballots for Class 10 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- v. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or Federal Tax I.D. No. (optional)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date Completed

\_\_\_\_\_  
Email Address

**Annex I**

COLA Chart

## The Police and Fire Retirement System of the City of Detroit

Hired Prior to 1/1/69 - Old Plan

COLAs Not Affected by Recent 10% Reduction in Salary

Approximate Reduction in Liability Due to Elimination of COLA

### Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age and gender.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and your gender.

Current Age	Male	Female
50	26.5%	27.3%
51	26.0%	26.8%
52	25.5%	26.3%
53	25.0%	25.9%
54	24.4%	25.4%
55	23.9%	24.9%
56	23.3%	24.4%
57	22.8%	23.9%
58	22.2%	23.4%
59	21.7%	22.8%
60	21.1%	22.3%
61	20.5%	21.8%
62	19.9%	21.2%
63	19.4%	20.7%
64	18.8%	20.1%
65	18.2%	19.6%
66	17.6%	19.0%
67	17.0%	18.4%
68	16.4%	17.9%
69	15.7%	17.3%
70	15.1%	16.7%
71	14.5%	16.1%
72	13.9%	15.6%
73	13.3%	15.0%
74	12.7%	14.4%
75	12.1%	13.8%
76	11.6%	13.3%
77	11.0%	12.7%
78	10.4%	12.1%
79	9.9%	11.6%
80	9.4%	11.0%
81	8.9%	10.5%
82	8.4%	10.0%
83	7.9%	9.5%
84	7.4%	9.0%
85	7.0%	8.6%
86	6.6%	8.1%
87	6.2%	7.7%
88	5.8%	7.4%
89	5.4%	7.0%
90	5.1%	6.7%
91	4.8%	6.4%
92	4.5%	6.1%
93	4.2%	5.8%
94	3.9%	5.6%
95	3.7%	5.3%

# The Police and Fire Retirement System of the City of Detroit

Hired Prior to 1/1/69 - Old Plan

COLAs Affected by Recent 10% Reduction in Salary

Approximate Reduction in Liability Due to Elimination of COLA

## Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age and gender.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and your gender.

Current Age	Male	Female
50	20.3%	21.2%
51	19.8%	20.7%
52	19.3%	20.2%
53	18.7%	19.7%
54	18.2%	19.2%
55	17.7%	18.7%
56	17.1%	18.2%
57	16.5%	17.6%
58	16.0%	17.1%
59	15.4%	16.6%
60	14.8%	16.0%
61	14.2%	15.5%
62	13.6%	14.9%
63	13.0%	14.4%
64	12.4%	13.8%
65	11.9%	13.2%
66	11.3%	12.7%
67	10.7%	12.1%
68	10.1%	11.6%
69	9.5%	11.0%
70	8.9%	10.4%
71	8.3%	9.9%
72	7.8%	9.3%
73	7.2%	8.8%
74	6.7%	8.2%
75	6.2%	7.7%
76	5.7%	7.2%
77	5.2%	6.7%
78	4.7%	6.2%
79	4.3%	5.7%
80	3.8%	5.2%
81	3.4%	4.8%
82	3.1%	4.4%
83	2.7%	4.0%
84	2.4%	3.6%
85	2.1%	3.3%
86	1.8%	3.0%
87	1.6%	2.7%
88	1.4%	2.4%
89	1.2%	2.2%
90	1.0%	2.0%
91	0.9%	1.8%
92	0.8%	1.7%
93	0.7%	1.5%
94	0.6%	1.4%
95	0.5%	1.2%

# The Police and Fire Retirement System of the City of Detroit

Hired after 1/1/69 - New Plan

Simple COLA

Approximate Reduction in Liability Due to Elimination of COLA

Female Participants

## Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age on the left and the nearest year of retirement across the top.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and the 2014 year of retirement.

Current Age	Year of Retirement											
	2014	2009	2004	1999	1994	1989	1984	1979	1974	1969	1964	1959
38	22.0%											
39	21.9%											
40	21.7%											
41	21.5%											
42	21.3%											
43	21.1%	19.4%										
44	20.9%	19.2%										
45	20.7%	19.0%										
46	20.5%	18.9%										
47	20.3%	18.6%										
48	20.1%	18.4%	17.0%									
49	19.9%	18.2%	16.8%									
50	19.6%	18.0%	16.6%									
51	19.4%	17.8%	16.4%									
52	19.1%	17.5%	16.2%									
53	18.9%	17.3%	15.9%	14.8%								
54	18.6%	17.0%	15.7%	14.6%								
55	18.3%	16.8%	15.5%	14.4%								
56	18.0%	16.5%	15.2%	14.1%								
57	17.7%	16.2%	15.0%	13.9%								
58	17.4%	16.0%	14.7%	13.6%	12.7%							
59	17.1%	15.7%	14.4%	13.4%	12.5%							
60	16.8%	15.4%	14.2%	13.1%	12.2%							
61	16.5%	15.1%	13.9%	12.9%	12.0%							
62	16.2%	14.8%	13.6%	12.6%	11.8%							
63	15.9%	14.5%	13.3%	12.4%	11.5%	10.8%						
64	15.5%	14.2%	13.0%	12.1%	11.2%	10.5%						
65	15.2%	13.9%	12.8%	11.8%	11.0%	10.3%						
66	14.8%	13.5%	12.5%	11.5%	10.7%	10.0%						
67	14.5%	13.2%	12.1%	11.2%	10.5%	9.8%						
68	14.1%	12.9%	11.8%	11.0%	10.2%	9.5%	8.9%					
69	13.8%	12.6%	11.5%	10.7%	9.9%	9.3%	8.7%					
70	13.4%	12.2%	11.2%	10.4%	9.6%	9.0%	8.5%					
71	13.0%	11.9%	10.9%	10.1%	9.4%	8.7%	8.2%					
72	12.7%	11.5%	10.6%	9.8%	9.1%	8.5%	8.0%					
73	12.3%	11.2%	10.2%	9.5%	8.8%	8.2%	7.7%	7.3%				
74	11.9%	10.8%	9.9%	9.2%	8.5%	7.9%	7.5%	7.0%				
75	11.5%	10.4%	9.6%	8.8%	8.2%	7.7%	7.2%	6.8%				
76	11.1%	10.1%	9.2%	8.5%	7.9%	7.4%	6.9%	6.5%				
77	10.7%	9.7%	8.9%	8.2%	7.6%	7.1%	6.7%	6.3%				
78	10.3%	9.4%	8.6%	7.9%	7.3%	6.8%	6.4%	6.0%	5.7%			
79	9.9%	9.0%	8.2%	7.6%	7.0%	6.6%	6.2%	5.8%	5.5%			
80	9.5%	8.6%	7.9%	7.3%	6.8%	6.3%	5.9%	5.5%	5.2%			
81	9.1%	8.3%	7.6%	7.0%	6.5%	6.0%	5.6%	5.3%	5.0%			
82	8.7%	7.9%	7.2%	6.7%	6.2%	5.8%	5.4%	5.1%	4.8%			
83	8.3%	7.6%	6.9%	6.4%	5.9%	5.5%	5.1%	4.8%	4.6%	4.3%		
84	8.0%	7.2%	6.6%	6.1%	5.6%	5.2%	4.9%	4.6%	4.4%	4.1%		
85	7.6%	6.9%	6.3%	5.8%	5.4%	5.0%	4.7%	4.4%	4.1%	3.9%		
86	7.3%	6.6%	6.0%	5.5%	5.1%	4.8%	4.5%	4.2%	4.0%	3.7%		
87	6.9%	6.3%	5.7%	5.3%	4.9%	4.5%	4.3%	4.0%	3.8%	3.6%		
88	6.6%	6.0%	5.5%	5.0%	4.7%	4.3%	4.1%	3.8%	3.6%	3.4%	3.2%	
89	6.3%	5.7%	5.2%	4.8%	4.4%	4.1%	3.9%	3.6%	3.4%	3.2%	3.1%	
90	6.0%	5.5%	5.0%	4.6%	4.2%	4.0%	3.7%	3.5%	3.3%	3.1%	2.9%	
91	5.8%	5.2%	4.8%	4.4%	4.1%	3.8%	3.5%	3.3%	3.1%	3.0%	2.8%	
92	5.5%	5.0%	4.6%	4.2%	3.9%	3.6%	3.4%	3.2%	3.0%	2.8%	2.7%	
93	5.3%	4.8%	4.4%	4.0%	3.7%	3.5%	3.2%	3.0%	2.9%	2.7%	2.6%	2.4%
94	5.1%	4.6%	4.2%	3.9%	3.6%	3.3%	3.1%	2.9%	2.8%	2.6%	2.5%	2.3%
95	4.9%	4.4%	4.0%	3.7%	3.4%	3.2%	3.0%	2.8%	2.6%	2.5%	2.4%	2.3%

# The Police and Fire Retirement System of the City of Detroit

Hired after 1/1/69 - New Plan

Simple COLA

Approximate Reduction in Liability Due to Elimination of COLA

Male Participants

## Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age on the left and the nearest year of retirement across the top.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and the 2014 year of retirement.

Current Age	Year of Retirement											
	2014	2009	2004	1999	1994	1989	1984	1979	1974	1969	1964	1959
38	21.9%											
39	21.7%											
40	21.5%											
41	21.3%											
42	21.1%											
43	20.9%	19.2%										
44	20.7%	19.0%										
45	20.5%	18.8%										
46	20.2%	18.6%										
47	20.0%	18.3%										
48	19.7%	18.1%	16.7%									
49	19.5%	17.9%	16.5%									
50	19.2%	17.6%	16.3%									
51	19.0%	17.4%	16.0%									
52	18.7%	17.1%	15.8%									
53	18.4%	16.8%	15.5%	14.4%								
54	18.1%	16.6%	15.3%	14.2%								
55	17.8%	16.3%	15.0%	13.9%								
56	17.5%	16.0%	14.7%	13.7%								
57	17.2%	15.7%	14.5%	13.4%								
58	16.8%	15.4%	14.2%	13.1%	12.2%							
59	16.5%	15.1%	13.9%	12.9%	12.0%							
60	16.2%	14.8%	13.6%	12.6%	11.7%							
61	15.8%	14.4%	13.3%	12.3%	11.5%							
62	15.4%	14.1%	13.0%	12.0%	11.2%							
63	15.1%	13.8%	12.7%	11.7%	10.9%	10.2%						
64	14.7%	13.4%	12.4%	11.4%	10.6%	10.0%						
65	14.4%	13.1%	12.0%	11.1%	10.4%	9.7%						
66	14.0%	12.7%	11.7%	10.8%	10.1%	9.4%						
67	13.6%	12.4%	11.4%	10.5%	9.8%	9.1%						
68	13.2%	12.0%	11.0%	10.2%	9.5%	8.9%	8.3%					
69	12.8%	11.7%	10.7%	9.9%	9.2%	8.6%	8.1%					
70	12.4%	11.3%	10.4%	9.6%	8.9%	8.3%	7.8%					
71	12.0%	10.9%	10.0%	9.2%	8.6%	8.0%	7.5%					
72	11.6%	10.5%	9.7%	8.9%	8.3%	7.7%	7.3%					
73	11.2%	10.2%	9.3%	8.6%	8.0%	7.4%	7.0%	6.6%				
74	10.8%	9.8%	9.0%	8.3%	7.7%	7.2%	6.7%	6.3%				
75	10.3%	9.4%	8.6%	7.9%	7.4%	6.9%	6.4%	6.1%				
76	9.9%	9.0%	8.3%	7.6%	7.1%	6.6%	6.2%	5.8%				
77	9.5%	8.6%	7.9%	7.3%	6.8%	6.3%	5.9%	5.6%				
78	9.1%	8.3%	7.6%	7.0%	6.5%	6.0%	5.6%	5.3%	5.0%			
79	8.7%	7.9%	7.2%	6.6%	6.2%	5.7%	5.4%	5.1%	4.8%			
80	8.3%	7.5%	6.9%	6.3%	5.9%	5.5%	5.1%	4.8%	4.5%			
81	7.9%	7.2%	6.5%	6.0%	5.6%	5.2%	4.9%	4.6%	4.3%			
82	7.5%	6.8%	6.2%	5.7%	5.3%	4.9%	4.6%	4.3%	4.1%			
83	7.1%	6.5%	5.9%	5.4%	5.0%	4.7%	4.4%	4.1%	3.9%	3.7%		
84	6.8%	6.1%	5.6%	5.1%	4.8%	4.4%	4.1%	3.9%	3.7%	3.5%		
85	6.4%	5.8%	5.3%	4.9%	4.5%	4.2%	3.9%	3.7%	3.5%	3.3%		
86	6.0%	5.5%	5.0%	4.6%	4.2%	3.9%	3.7%	3.5%	3.3%	3.1%		
87	5.7%	5.1%	4.7%	4.3%	4.0%	3.7%	3.5%	3.3%	3.1%	2.9%		
88	5.4%	4.9%	4.4%	4.1%	3.8%	3.5%	3.3%	3.1%	2.9%	2.7%	2.6%	
89	5.1%	4.6%	4.2%	3.8%	3.5%	3.3%	3.1%	2.9%	2.7%	2.6%	2.4%	
90	4.8%	4.3%	3.9%	3.6%	3.3%	3.1%	2.9%	2.7%	2.6%	2.4%	2.3%	
91	4.5%	4.0%	3.7%	3.4%	3.1%	2.9%	2.7%	2.6%	2.4%	2.3%	2.2%	
92	4.2%	3.8%	3.5%	3.2%	2.9%	2.7%	2.6%	2.4%	2.3%	2.1%	2.0%	
93	4.0%	3.6%	3.3%	3.0%	2.8%	2.6%	2.4%	2.3%	2.1%	2.0%	1.9%	1.8%
94	3.7%	3.3%	3.1%	2.8%	2.6%	2.4%	2.2%	2.1%	2.0%	1.9%	1.8%	1.7%
95	3.5%	3.1%	2.9%	2.6%	2.4%	2.3%	2.1%	2.0%	1.9%	1.8%	1.7%	1.6%

## The Police and Fire Retirement System of the City of Detroit

Hired after 1/1/69 - New Plan

Compound COLA

Approximate Reduction in Liability Due to Elimination of COLA

### Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age and gender.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and your gender.

Current Age	Male	Female
38	26.9%	27.2%
39	26.6%	26.9%
40	26.3%	26.7%
41	26.0%	26.4%
42	25.7%	26.1%
43	25.4%	25.8%
44	25.1%	25.5%
45	24.8%	25.2%
46	24.4%	24.9%
47	24.1%	24.6%
48	23.7%	24.3%
49	23.4%	23.9%
50	23.0%	23.6%
51	22.6%	23.3%
52	22.2%	22.9%
53	21.8%	22.5%
54	21.4%	22.2%
55	21.0%	21.8%
56	20.6%	21.4%
57	20.2%	21.0%
58	19.8%	20.6%
59	19.3%	20.2%
60	18.9%	19.8%
61	18.4%	19.4%
62	18.0%	19.0%
63	17.5%	18.5%
64	17.0%	18.1%
65	16.6%	17.7%
66	16.1%	17.2%
67	15.6%	16.8%
68	15.1%	16.3%
69	14.7%	15.9%
70	14.2%	15.4%
71	13.7%	15.0%
72	13.2%	14.5%
73	12.7%	14.0%
74	12.2%	13.6%
75	11.7%	13.1%
76	11.2%	12.6%
77	10.7%	12.2%
78	10.3%	11.7%
79	9.8%	11.2%
80	9.3%	10.8%
81	8.9%	10.3%
82	8.4%	9.9%
83	8.0%	9.4%
84	7.6%	9.0%
85	7.2%	8.6%
86	6.8%	8.2%
87	6.4%	7.8%
88	6.0%	7.5%
89	5.7%	7.2%
90	5.4%	6.9%
91	5.1%	6.6%
92	4.8%	6.3%
93	4.5%	6.1%
94	4.2%	5.8%
95	4.0%	5.6%

## The Police and Fire Retirement System of the City of Detroit

### Additional Notes for Active Members

For Police Lieutenants and Sergeants, accruals after April 5, 2011 do not receive a COLA. Therefore, in order to determine the approximate reduction in your present value of benefits due to eliminating the COLA, multiply your reduction factor found in the table provided by a fraction. The numerator of this fraction is your years of service as of April 5, 2011 and the denominator is your years of service as of June 30, 2014. Accordingly, if you were hired after April 5, 2011, none of your benefit will receive a COLA and the reduction in your present value of benefits due to eliminating the COLA is zero.

For all other Police members, accruals after September 1, 2011 do not receive a COLA. Therefore, in order to determine the approximate reduction in your present value of benefits due to eliminating the COLA, multiply your reduction factor found in the table provided by a fraction. The numerator of this fraction is your years of service as of September 1, 2011 and the denominator is your years of service as of June 30, 2014. Accordingly, if you were hired after September 1, 2011, none of your benefit will receive a COLA and the reduction in your present value of benefits due to eliminating the COLA is zero.

**Exhibit 6D.3**

Class 11 Ballot – Active and Former Employees

**Ballot, Class 11 GRS Pension Claims – Active and Former Employees**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 11: GRS Pension Claims – Active and Former Employees

Claimant's [Name/Identifier]: [\_\_\_\_\_]

Allowed Claim for Voting Purposes: \$[\_\_\_\_\_]

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.  
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE  
DETERMINED BY THE GENERAL RETIREMENT SYSTEM AT  
THE TIME OF YOUR RETIREMENT. YOUR ACTUAL PENSION  
AMOUNTS MAY BE MORE OR LESS THAN THE ESTIMATES  
CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR ACTIVE OR FORMER EMPLOYEES WHO WERE NOT RECEIVING PENSION PAYMENTS FROM THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT ("GRS") AS OF MARCH 1, 2014 (THE "PENSION RECORD DATE").

GRS PENSION CLAIMS ARE INCLUDED IN CLASS 11 UNDER THE *SECOND AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (APRIL 16, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying *Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit (April 16, 2014)* (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on April [\_\_\_\_], 2014. By orders entered on March 11, 2014 and April [\_\_\_\_], 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because, as of March 1, 2014, (a) you were an active employee or former employee of the City, (b) you were not receiving pension payments and (c) you are a Holder of a GRS Pension Claim.

Your GRS Pension Claim has been temporarily allowed in the estimated amount of \$[\_\_\_\_\_] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

The Plan proposes two possible treatments for GRS Pension Claims. The results of the voting on the Plan will determine whether the GRS will receive money from proposed settlements with third-party foundation funders, the Detroit Institute of Arts and the State of Michigan (the "Outside Funding"). The Outside Funding also depends, in part, on Bankruptcy Court approval of the settlements and the fulfillment by the outside funders of their respective commitments.

**You cannot avoid a reduction of your pension benefits by refusing to vote. If the Plan is confirmed, your pension will be reduced.**

**RELEASES:** If you vote to accept the Plan, you will be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension. If Classes 10 and 11 vote to accept the Plan so that the State funding will be made, you will not have any right to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension.

**ALTERNATIVE A:** If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan and the Court approves the Plan, the Outside Funding will be contributed to GRS. Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the simple calculation set forth on Annex I to this Ballot to determine the annual amount of your service retirement allowance. Enter the result here: \_\_\_\_\_

Line 2: Multiply the amount in Line 1 by 0.955 and enter the result here: \_\_\_\_\_

Line 3: Divide the amount in Line 2 by 12 and enter the result here: \_\_\_\_\_

The amount you entered in Line 3 is your estimated future monthly pension payment.

Line 4: The Estimated Annuity Savings Funds Recoupment amount is: [\_\_\_\_\_]

The amount in Line 4 will be deducted from your Annuity Savings Fund account and added to the assets of GRS to be used to pay defined benefit pensions.

\*\*\*

**ALTERNATIVE B:** If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to GRS. Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the simple calculation set forth on Annex I to this Ballot to determine the annual amount of your service retirement allowance. Enter the result here: \_\_\_\_\_

Line 2: Multiply the amount in Line 1 by 0.71 and enter the result here: \_\_\_\_\_

Line 3: Divide the amount in Line 2 by 12 and enter the result here: \_\_\_\_\_

The amount you entered in Line 3 is your estimated future monthly pension payment.

Line 4: The Estimated Annuity Savings Funds Recoupment amount is: [\_\_\_\_\_]

The amount in Line 4 will be deducted from your Annuity Savings Fund account and added to the assets of GRS to be used to pay defined benefit pensions.

\*\*\*

In addition, if you vote for the Plan and the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to GRS.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

#### **THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 11 to Accept the Plan:** Class 11 will be considered to have accepted the Plan if the holders of at least two-thirds in amount and more than one-half in number of the PFRS Pension Claims in Class 11 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.
- (c) **Standard to Confirm the Plan if Class 11 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 11 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

#### **SUBMITTING YOUR BALLOT:**

If you were not an active or former employee of the City as of the Pension Record Date, if you did not hold a GRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your GRS Pension Claim against the City has been placed in Class 11 under the Plan. **The attached Ballot is designated only for individuals who were employed by the City or who were former employees of the City who were not yet receiving a pension as of March 1, 2014 to vote GRS Pension Claims in Class 11 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. Such provisions include a release of third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline, or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not an active or former employee of the City as of the Pension Record Date, if you were not a Holder of a GRS Pension Claims as of the Pension Record Date, or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2 BELOW. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, an active or former employee of the City who was not yet receiving a pension and who is a GRS Pension Claim Holder in Class 11 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

**If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your pension.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. Such provisions include a release of third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.**

Creditor [Name/Identifier]: [To be Inserted by City].

Amount of Pension Claim: \$[To be Inserted by City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. was an active or former employee of the City as of March 1, 2014
- ii. was not receiving pension payments from the GRS as of March 1, 2014;
- iii. is the Holder of a GRS Pension Claim in Class 11 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iv. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) a letter from GRS and possibly other parties;
- v. has not submitted any other Ballots for Class 11 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- vi. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

---

Name

---

Social Security or Federal Tax I.D. No. (optional)

---

Signature

---

If by Authorized Agent, Name and Title

---

Name of Institution

---

Street Address

---

City, State, Zip Code

---

Telephone Number

---

Date Completed

---

Email Address

## **Annex I**

### **Pension Benefit Estimation Calculator**

Your service retirement allowance is based on your years of credited service, your age and your average final compensation. "Average final compensation" means the average of the annual compensation paid you by the City during the period of 36 consecutive months of service which produces the highest average. The 36 consecutive months used must occur within your last 120 months of service. You have the option of receiving an Unused Sick Leave on Retirement payout of 25% of your unused sick leave (normally 50%) and having the value of the payout added to the earnings used to compute your average final compensation. CET changes: Unused Sick Leave on Retirement- Any sick leave accumulated after July 17, 2012 and remaining unused at retirement will not be paid out. Sick Time Inclusion in Final Average Compensation -The inclusion of sick time in an employee's Final Average Compensation will be discontinued. The implementation date is December 1, 2012.

Your retirement allowance consists of the following 3 amounts:

1. A basic pension of \$12 for each full year of service, but not to exceed \$120.
2. A pension allowance equal to the sum of 1.6% times your first 10 years of credited service, plus 1.8% times each year of service greater than 10 years up to 20 years, plus 2.0% times each year of service greater than 20 years up to 25 years, plus 2.2% times each year of service over 25 years; multiplied by your average final compensation. CET changes: The multiplier has been reduced to 1.5% for service time earned subsequent to July 17, 2012 and the escalator eliminated. The implementation date is December 1, 2012.
3. An annuity, provided you made contributions for it and you do not withdraw those funds at the time of retirement. The annuity portion depends on the balance in your account and your age on your retirement date.

TYPICAL ESTIMATED MONTHLY  
STRAIGHT LIFE  
RETIREMENT ALLOWANCE

(Based on Basic Pension of \$120 plus 1.5% for 1st 10 years of service, plus 1.7% for 11 to 20 year of service, plus 1.9% for service over 20 years)

Average Final Comp.	Years of Service						
	10	15	20	25	30	35	40
\$24,000	\$330.00	\$510.00	\$690.00	\$890.00	\$1,110.00	\$1,330.00	\$1,550.00
26,000	356.57	551.67	746.67	963.33	1,201.67	1,440.00	1,678.33
28,000	383.33	593.33	803.33	1,036.67	1,293.33	1,550.00	1,806.67
30,000	410.00	635.00	860.00	1,110.00	1,385.00	1,660.00	1,935.00
32,000	436.67	676.67	916.67	1,183.33	1,476.67	1,770.00	2,063.33
34,000	463.33	718.33	973.33	1,256.67	1,568.33	1,880.00	2,191.57
36,000	490.00	760.00	1,030.00	1,330.00	1,660.00	1,990.00	2,320.00
38,000	516.67	801.67	1,086.67	1,403.33	1,751.67	2,100.00	2,448.33
40,000	543.33	843.33	1,143.33	1,476.67	1,843.33	2,210.00	2,576.67
42,000	570.00	885.00	1,200.00	1,550.00	1,935.00	2,320.00	2,705.00
44,000	596.67	926.67	1,256.67	1,623.33	2,026.67	2,430.00	2,833.33
46,000	623.33	968.33	1,313.33	1,696.67	2,118.33	2,540.00	2,961.67
48,000	650.00	1,010.00	1,370.00	1,770.00	2,210.00	2,650.00	3,090.00
50,000	676.67	1,051.67	1,426.67	1,843.33	2,301.67	2,760.00	3,218.33
52,000	703.33	1,093.33	1,483.33	1,916.67	2,393.33	2,870.00	3,346.67
54,000	730.00	1,135.00	1,540.00	1,990.00	2,485.00	2,980.00	3,475.00
56,000	756.67	1,176.67	1,596.67	2,063.33	2,576.67	3,090.00	3,603.33
58,000	783.33	1,218.33	1,653.33	2,136.67	2,668.33	3,200.00	3,731.67
60,000	810.00	1,260.00	1,710.00	2,210.00	2,760.00	3,310.00	3,860.00

Federal Social Security benefits **are in addition** to the amounts shown. Current Social Security information can be obtained from any office of the Social Security Administration.

You can access the online version of "How is the Amount of My Current Retirement Calculated" at <http://rscd.org/grs.htm#gcquest2>.

The online GRS Retirement Benefit Estimator can be accessed at this website address:  
[http://rscd.org/08gendefault\\_aol.htm](http://rscd.org/08gendefault_aol.htm).

**Annex II**

COLA Charts

# General Retirement System of the City of Detroit

## Approximate Reduction in Liability Due to Elimination of COLA

### Female Participants

#### Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age on the left and the nearest year of retirement across the top.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and the 2014 year of retirement.

Current Age	Year of Retirement									
	2014	2009	2004	1999	1994	1989	1984	1979	1974	1969
48	20.5%									
49	20.3%									
50	20.0%									
51	19.8%									
52	19.6%									
53	19.3%	17.7%								
54	19.0%	17.4%								
55	18.8%	17.2%								
56	18.5%	16.9%								
57	18.2%	16.7%								
58	17.9%	16.4%	15.1%							
59	17.6%	16.1%	14.9%							
60	17.3%	15.8%	14.6%							
61	17.0%	15.6%	14.3%							
62	16.7%	15.3%	14.1%							
63	16.4%	15.0%	13.8%	12.8%						
64	16.0%	14.7%	13.5%	12.5%						
65	15.7%	14.4%	13.2%	12.2%						
66	15.4%	14.0%	12.9%	12.0%						
67	15.0%	13.7%	12.6%	11.7%						
68	14.7%	13.4%	12.3%	11.4%	10.6%					
69	14.3%	13.1%	12.0%	11.1%	10.3%					
70	14.0%	12.7%	11.7%	10.8%	10.1%					
71	13.6%	12.4%	11.4%	10.5%	9.8%					
72	13.2%	12.1%	11.1%	10.2%	9.5%					
73	12.9%	11.7%	10.8%	9.9%	9.2%	8.6%				
74	12.5%	11.4%	10.4%	9.6%	9.0%	8.4%				
75	12.1%	11.0%	10.1%	9.3%	8.7%	8.1%				
76	11.7%	10.7%	9.8%	9.0%	8.4%	7.8%				
77	11.3%	10.3%	9.5%	8.7%	8.1%	7.6%				
78	11.0%	10.0%	9.1%	8.4%	7.8%	7.3%	6.8%			
79	10.6%	9.6%	8.8%	8.1%	7.5%	7.0%	6.6%			
80	10.2%	9.2%	8.5%	7.8%	7.3%	6.8%	6.3%			
81	9.8%	8.9%	8.1%	7.5%	7.0%	6.5%	6.1%			
82	9.4%	8.5%	7.8%	7.2%	6.7%	6.2%	5.8%			
83	9.0%	8.2%	7.5%	6.9%	6.4%	6.0%	5.6%	5.3%		
84	8.6%	7.8%	7.2%	6.6%	6.1%	5.7%	5.3%	5.0%		
85	8.3%	7.5%	6.8%	6.3%	5.8%	5.4%	5.1%	4.8%		
86	7.9%	7.2%	6.5%	6.0%	5.6%	5.2%	4.9%	4.6%		
87	7.5%	6.8%	6.2%	5.7%	5.3%	5.0%	4.6%	4.4%		
88	7.2%	6.5%	5.9%	5.5%	5.1%	4.7%	4.4%	4.2%	3.9%	
89	6.9%	6.2%	5.7%	5.2%	4.8%	4.5%	4.2%	4.0%	3.7%	
90	6.5%	5.9%	5.4%	5.0%	4.6%	4.3%	4.0%	3.8%	3.6%	
91	6.2%	5.6%	5.2%	4.7%	4.4%	4.1%	3.8%	3.6%	3.4%	
92	6.0%	5.4%	4.9%	4.5%	4.2%	3.9%	3.6%	3.4%	3.2%	
93	5.7%	5.2%	4.7%	4.3%	4.0%	3.7%	3.5%	3.3%	3.1%	2.9%
94	5.5%	4.9%	4.5%	4.1%	3.8%	3.6%	3.3%	3.1%	3.0%	2.8%
95	5.3%	4.7%	4.3%	4.0%	3.7%	3.4%	3.2%	3.0%	2.8%	2.7%

# General Retirement System of the City of Detroit

## Approximate Reduction in Liability Due to Elimination of COLA

### Male Participants

#### Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age on the left and the nearest year of retirement across the top.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and the 2014 year of retirement.

Current Age	Year of Retirement									
	2014	2009	2004	1999	1994	1989	1984	1979	1974	1969
48	19.3%									
49	19.1%									
50	18.8%									
51	18.5%									
52	18.2%									
53	17.9%	16.4%								
54	17.6%	16.1%								
55	17.3%	15.8%								
56	17.0%	15.5%								
57	16.7%	15.2%								
58	16.3%	14.9%	13.8%							
59	16.0%	14.6%	13.5%							
60	15.7%	14.3%	13.2%							
61	15.3%	14.0%	12.9%							
62	15.0%	13.7%	12.6%							
63	14.6%	13.3%	12.3%	11.3%						
64	14.2%	13.0%	11.9%	11.0%						
65	13.9%	12.7%	11.6%	10.8%						
66	13.5%	12.3%	11.3%	10.5%						
67	13.1%	12.0%	11.0%	10.1%						
68	12.7%	11.6%	10.7%	9.8%	9.1%					
69	12.4%	11.2%	10.3%	9.5%	8.9%					
70	12.0%	10.9%	10.0%	9.2%	8.6%					
71	11.6%	10.5%	9.6%	8.9%	8.3%					
72	11.2%	10.2%	9.3%	8.6%	8.0%					
73	10.8%	9.8%	9.0%	8.3%	7.7%	7.2%				
74	10.4%	9.4%	8.6%	8.0%	7.4%	6.9%				
75	10.0%	9.0%	8.3%	7.6%	7.1%	6.6%				
76	9.6%	8.7%	7.9%	7.3%	6.8%	6.3%				
77	9.2%	8.3%	7.6%	7.0%	6.5%	6.1%				
78	8.8%	7.9%	7.3%	6.7%	6.2%	5.8%	5.4%			
79	8.4%	7.6%	6.9%	6.4%	5.9%	5.5%	5.2%			
80	8.0%	7.2%	6.6%	6.1%	5.6%	5.2%	4.9%			
81	7.6%	6.9%	6.3%	5.8%	5.3%	5.0%	4.7%			
82	7.2%	6.5%	6.0%	5.5%	5.1%	4.7%	4.4%			
83	6.8%	6.2%	5.6%	5.2%	4.8%	4.5%	4.2%	3.9%		
84	6.5%	5.8%	5.3%	4.9%	4.5%	4.2%	4.0%	3.7%		
85	6.1%	5.5%	5.0%	4.6%	4.3%	4.0%	3.7%	3.5%		
86	5.8%	5.2%	4.7%	4.4%	4.0%	3.8%	3.5%	3.3%		
87	5.4%	4.9%	4.5%	4.1%	3.8%	3.5%	3.3%	3.1%		
88	5.1%	4.6%	4.2%	3.9%	3.6%	3.3%	3.1%	2.9%	2.8%	
89	4.8%	4.4%	4.0%	3.6%	3.4%	3.1%	2.9%	2.8%	2.6%	
90	4.5%	4.1%	3.7%	3.4%	3.2%	3.0%	2.8%	2.6%	2.4%	
91	4.3%	3.9%	3.5%	3.2%	3.0%	2.8%	2.6%	2.4%	2.3%	
92	4.0%	3.6%	3.3%	3.1%	2.8%	2.6%	2.5%	2.3%	2.2%	
93	3.8%	3.4%	3.1%	2.9%	2.7%	2.5%	2.3%	2.2%	2.0%	1.9%
94	3.6%	3.3%	3.0%	2.7%	2.5%	2.3%	2.2%	2.1%	1.9%	1.8%
95	3.4%	3.1%	2.8%	2.6%	2.4%	2.2%	2.1%	1.9%	1.8%	1.7%

## General Retirement System of the City of Detroit

### Additional Notes for Active Members

For certain bargaining units, accruals after December 1, 2012 do not receive a COLA. Therefore, in order to determine the approximate reduction in your present value of benefits due to eliminating the COLA, multiply your reduction factor found in the table provided by a fraction. The numerator of this fraction is your years of service as of December 1, 2012 and the denominator is your years of service as of June 30, 2014. Accordingly, if you were hired after December 1, 2012, none of your benefit will receive a COLA and the reduction in your present value of benefits due to eliminating the COLA is zero.

In order to determine whether your bargaining unit has removed COLAs for accruals after December 1, 2012, ***please contact your supervisor?***

**Exhibit 6D.4**

Class 11 Ballot – Retirees

**Ballot, Class 11 GRS Pension Claims – Retirees**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 11: GRS Pension Claims – Retirees  
Claimant's [Name/Identifier]: [\_\_\_\_\_] ☐  
Allowed Claim for Voting Purposes: \$[\_\_\_\_\_] ☐

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.  
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE  
DETERMINED BY THE GENERAL RETIREMENT SYSTEM  
AFTER THE CITY'S PLAN IS CONFIRMED. YOUR ACTUAL  
PENSION AMOUNTS MAY BE MORE OR LESS THAN THE  
ESTIMATES CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR RETIREES WHO ARE CURRENTLY RECEIVING PENSION PAYMENTS FROM THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT ("GRS").

GRS PENSION CLAIMS ARE INCLUDED IN CLASS 11 UNDER THE *SECOND AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (APRIL 16, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying *Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit (April 16, 2014)* (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on April [\_\_\_\_], 2014. By orders entered on March 11, 2014 and April [\_\_\_\_], 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because you are a retired Holder of a GRS Pension Claim as of March 1, 2014 (the "Pension Record Date").

Your GRS Pension Claim has been temporarily allowed in the estimated amount of \$[\_\_\_\_\_] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

The Plan proposes two possible treatments for GRS Pension Claims. The results of the voting on the Plan will determine whether the GRS will receive money from proposed settlements with third-party foundation funders, The Detroit Institute of Arts and the State of Michigan (the "Outside Funding"). The Outside Funding also depends, in part, on Bankruptcy Court approval of the settlements and the fulfillment by the outside funders of their respective commitments.

**You cannot avoid a reduction of your pension benefits by refusing to vote. If the Plan is confirmed, your pension will be reduced.**

**RELEASES:** If you vote to accept the Plan, you will be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension. If Classes 10 and 11 vote to accept the Plan so that the State funding will be made, you will not have any right to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension.

**ALTERNATIVE A: If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan** and the Court approves the Plan, the Outside Funding will be contributed to GRS. Under this alternative, your monthly pension payments are estimated to change as follows:

Item 1: Enter Current Monthly Pension Payment Here: \$ \_\_\_\_\_

Line 2: Multiply the amount in Line 1 by 0.955 and enter the result here: \$ \_\_\_\_\_

Line 3: Subtract Estimated Annuity Savings Fund Monthly Recoupment: \$ \_\_\_\_\_

Line 4: Estimated Monthly Pension Payment Under the Plan (flat payment; no COLAs): \$ \_\_\_\_\_

\*\*\*

**ALTERNATIVE B:** If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to GRS. Under this alternative, your monthly pension payments are estimated to change as follows:

Item 1: Enter Current Monthly Pension Payment Here: \$ \_\_\_\_\_

Line 2: Multiply Line 1 by .71%: \$ \_\_\_\_\_

Line 3: Subtract Estimated Annuity Savings Fund Monthly Recoupment: \$ \_\_\_\_\_

Line 4: Estimated Monthly Pension Payment Under the Plan (flat payment; no COLAs): \$ \_\_\_\_\_

\*\*\*

In addition, if you vote for the Plan and the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to the Retiree Committee.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

#### **THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 11 to Accept the Plan:** Class 11 will be considered to have accepted the Plan if the holders of at least two-thirds in amount and more than one-half in number of the GRS Pension Claims in Class 11 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.
- (c) **Standard to Confirm the Plan if Class 11 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 11 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

#### **SUBMITTING YOUR BALLOT:**

If you were not retired as of the Pension Record Date, if you did not hold a GRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your GRS Pension Claim against the City has been placed in Class 11 under the Plan. **The attached Ballot is designated only for retirees to vote GRS Pension Claims in Class 11 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. Such provisions include a release of third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline, or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not retired as of the Pension Record Date, if you were not a Holder of a GRS Pension Claims as of the Pension Record Date, or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2 BELOW. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, a retired GRS Pension Claim Holder in Class 11 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

**If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your pension.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. Such provisions include a release of third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.**

Creditor [Name/Identifier]: [To be Inserted by City].

Amount of Pension Claim: \$[To be Inserted by City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. was retired as of March 1, 2014;
- ii. is the Holder of a GRS Pension Claim in Class 11 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iii. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) a letter from the GRS and possibly from other parties;
- iv. has not submitted any other Ballots for Class 11 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- v. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

---

Name

---

Social Security or Federal Tax I.D. No. (optional)

---

Signature

---

If by Authorized Agent, Name and Title

---

Name of Institution

---

Street Address

---

City, State, Zip Code

---

Telephone Number

---

Date Completed

---

Email Address

**Annex I**

COLA Charts

# General Retirement System of the City of Detroit

## Approximate Reduction in Liability Due to Elimination of COLA

### Female Participants

#### Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age on the left and the nearest year of retirement across the top.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and the 2014 year of retirement.

Current Age	Year of Retirement									
	2014	2009	2004	1999	1994	1989	1984	1979	1974	1969
48	20.5%									
49	20.3%									
50	20.0%									
51	19.8%									
52	19.6%									
53	19.3%	17.7%								
54	19.0%	17.4%								
55	18.8%	17.2%								
56	18.5%	16.9%								
57	18.2%	16.7%								
58	17.9%	16.4%	15.1%							
59	17.6%	16.1%	14.9%							
60	17.3%	15.8%	14.6%							
61	17.0%	15.6%	14.3%							
62	16.7%	15.3%	14.1%							
63	16.4%	15.0%	13.8%	12.8%						
64	16.0%	14.7%	13.5%	12.5%						
65	15.7%	14.4%	13.2%	12.2%						
66	15.4%	14.0%	12.9%	12.0%						
67	15.0%	13.7%	12.6%	11.7%						
68	14.7%	13.4%	12.3%	11.4%	10.6%					
69	14.3%	13.1%	12.0%	11.1%	10.3%					
70	14.0%	12.7%	11.7%	10.8%	10.1%					
71	13.6%	12.4%	11.4%	10.5%	9.8%					
72	13.2%	12.1%	11.1%	10.2%	9.5%					
73	12.9%	11.7%	10.8%	9.9%	9.2%	8.6%				
74	12.5%	11.4%	10.4%	9.6%	9.0%	8.4%				
75	12.1%	11.0%	10.1%	9.3%	8.7%	8.1%				
76	11.7%	10.7%	9.8%	9.0%	8.4%	7.8%				
77	11.3%	10.3%	9.5%	8.7%	8.1%	7.6%				
78	11.0%	10.0%	9.1%	8.4%	7.8%	7.3%	6.8%			
79	10.6%	9.6%	8.8%	8.1%	7.5%	7.0%	6.6%			
80	10.2%	9.2%	8.5%	7.8%	7.3%	6.8%	6.3%			
81	9.8%	8.9%	8.1%	7.5%	7.0%	6.5%	6.1%			
82	9.4%	8.5%	7.8%	7.2%	6.7%	6.2%	5.8%			
83	9.0%	8.2%	7.5%	6.9%	6.4%	6.0%	5.6%	5.3%		
84	8.6%	7.8%	7.2%	6.6%	6.1%	5.7%	5.3%	5.0%		
85	8.3%	7.5%	6.8%	6.3%	5.8%	5.4%	5.1%	4.8%		
86	7.9%	7.2%	6.5%	6.0%	5.6%	5.2%	4.9%	4.6%		
87	7.5%	6.8%	6.2%	5.7%	5.3%	5.0%	4.6%	4.4%		
88	7.2%	6.5%	5.9%	5.5%	5.1%	4.7%	4.4%	4.2%	3.9%	
89	6.9%	6.2%	5.7%	5.2%	4.8%	4.5%	4.2%	4.0%	3.7%	
90	6.5%	5.9%	5.4%	5.0%	4.6%	4.3%	4.0%	3.8%	3.6%	
91	6.2%	5.6%	5.2%	4.7%	4.4%	4.1%	3.8%	3.6%	3.4%	
92	6.0%	5.4%	4.9%	4.5%	4.2%	3.9%	3.6%	3.4%	3.2%	
93	5.7%	5.2%	4.7%	4.3%	4.0%	3.7%	3.5%	3.3%	3.1%	2.9%
94	5.5%	4.9%	4.5%	4.1%	3.8%	3.6%	3.3%	3.1%	3.0%	2.8%
95	5.3%	4.7%	4.3%	4.0%	3.7%	3.4%	3.2%	3.0%	2.8%	2.7%

# General Retirement System of the City of Detroit

## Approximate Reduction in Liability Due to Elimination of COLA

### Male Participants

#### Directions:

- If you are retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to your current age on the left and the nearest year of retirement across the top.
- If you are not retired, the approximate reduction in your present value of benefits is the percentage in the chart below that corresponds to the age that you expect to retire and the 2014 year of retirement.

Current Age	Year of Retirement									
	2014	2009	2004	1999	1994	1989	1984	1979	1974	1969
48	19.3%									
49	19.1%									
50	18.8%									
51	18.5%									
52	18.2%									
53	17.9%	16.4%								
54	17.6%	16.1%								
55	17.3%	15.8%								
56	17.0%	15.5%								
57	16.7%	15.2%								
58	16.3%	14.9%	13.8%							
59	16.0%	14.6%	13.5%							
60	15.7%	14.3%	13.2%							
61	15.3%	14.0%	12.9%							
62	15.0%	13.7%	12.6%							
63	14.6%	13.3%	12.3%	11.3%						
64	14.2%	13.0%	11.9%	11.0%						
65	13.9%	12.7%	11.6%	10.8%						
66	13.5%	12.3%	11.3%	10.5%						
67	13.1%	12.0%	11.0%	10.1%						
68	12.7%	11.6%	10.7%	9.8%	9.1%					
69	12.4%	11.2%	10.3%	9.5%	8.9%					
70	12.0%	10.9%	10.0%	9.2%	8.6%					
71	11.6%	10.5%	9.6%	8.9%	8.3%					
72	11.2%	10.2%	9.3%	8.6%	8.0%					
73	10.8%	9.8%	9.0%	8.3%	7.7%	7.2%				
74	10.4%	9.4%	8.6%	8.0%	7.4%	6.9%				
75	10.0%	9.0%	8.3%	7.6%	7.1%	6.6%				
76	9.6%	8.7%	7.9%	7.3%	6.8%	6.3%				
77	9.2%	8.3%	7.6%	7.0%	6.5%	6.1%				
78	8.8%	7.9%	7.3%	6.7%	6.2%	5.8%	5.4%			
79	8.4%	7.6%	6.9%	6.4%	5.9%	5.5%	5.2%			
80	8.0%	7.2%	6.6%	6.1%	5.6%	5.2%	4.9%			
81	7.6%	6.9%	6.3%	5.8%	5.3%	5.0%	4.7%			
82	7.2%	6.5%	6.0%	5.5%	5.1%	4.7%	4.4%			
83	6.8%	6.2%	5.6%	5.2%	4.8%	4.5%	4.2%	3.9%		
84	6.5%	5.8%	5.3%	4.9%	4.5%	4.2%	4.0%	3.7%		
85	6.1%	5.5%	5.0%	4.6%	4.3%	4.0%	3.7%	3.5%		
86	5.8%	5.2%	4.7%	4.4%	4.0%	3.8%	3.5%	3.3%		
87	5.4%	4.9%	4.5%	4.1%	3.8%	3.5%	3.3%	3.1%		
88	5.1%	4.6%	4.2%	3.9%	3.6%	3.3%	3.1%	2.9%	2.8%	
89	4.8%	4.4%	4.0%	3.6%	3.4%	3.1%	2.9%	2.8%	2.6%	
90	4.5%	4.1%	3.7%	3.4%	3.2%	3.0%	2.8%	2.6%	2.4%	
91	4.3%	3.9%	3.5%	3.2%	3.0%	2.8%	2.6%	2.4%	2.3%	
92	4.0%	3.6%	3.3%	3.1%	2.8%	2.6%	2.5%	2.3%	2.2%	
93	3.8%	3.4%	3.1%	2.9%	2.7%	2.5%	2.3%	2.2%	2.0%	1.9%
94	3.6%	3.3%	3.0%	2.7%	2.5%	2.3%	2.2%	2.1%	1.9%	1.8%
95	3.4%	3.1%	2.8%	2.6%	2.4%	2.2%	2.1%	1.9%	1.8%	1.7%

## General Retirement System of the City of Detroit

### Additional Notes for Active Members

For certain bargaining units, accruals after December 1, 2012 do not receive a COLA. Therefore, in order to determine the approximate reduction in your present value of benefits due to eliminating the COLA, multiply your reduction factor found in the table provided by a fraction. The numerator of this fraction is your years of service as of December 1, 2012 and the denominator is your years of service as of June 30, 2014. Accordingly, if you were hired after December 1, 2012, none of your benefit will receive a COLA and the reduction in your present value of benefits due to eliminating the COLA is zero.

In order to determine whether your bargaining unit has removed COLAs for accruals after December 1, 2012, ***please contact your supervisor?***

**Exhibit 6D.5**

Class 12 Ballot

**Ballot, Class 12 OPEB Claims**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 12: OPEB Claims  
Claimant's [Name/Identifier]: [\_\_\_\_\_] ☐  
Allowed Claim for Voting Purposes: \$[\_\_\_\_\_] ☐

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**THE ALLOWED AMOUNT OF YOUR OPEB CLAIM STATED ON  
THIS BALLOT IS AN ESTIMATE. YOUR ACTUAL OPEB  
CLAIM AMOUNT MAY BE MORE OR LESS THAN THE  
ESTIMATE CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR INDIVIDUALS ENTITLED TO POST-RETIREMENT HEALTH, VISION, DENTAL, LIFE AND DEATH BENEFITS PURSUANT TO THE EMPLOYEE HEALTH AND LIFE INSURANCE BENEFIT PLAN AND THE EMPLOYEE DEATH BENEFIT PLAN (COLLECTIVELY, "OPEB BENEFITS").

CLAIMS AGAINST THE CITY FOR OPEB BENEFITS ("OPEB CLAIMS") ARE INCLUDED IN CLASS 12 UNDER THE *SECOND AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (APRIL 16, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying *Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit (April 16, 2014)* (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on April [\_\_\_\_], 2014. By orders entered on March 11, 2014 and April [\_\_\_\_], 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because you are a holder of an OPEB Claim as of March 1, 2014 (the "OPEB Record Date").

Your OPEB Claim has been temporarily allowed in the estimated amount of \$[\_\_\_\_\_] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

**You cannot avoid a change to your OPEB Benefits by refusing to vote. If the Plan is confirmed, your OPEB Benefits will be changed.**

**RELEASES:** If you vote to accept the Plan, you will be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your OPEB Benefits.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

**THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 12 to Accept the Plan:** **Class 12 will be considered to have accepted the Plan if** the holders of at least two-thirds in amount and more than one-half in number of the OPEB Claims in Class 12 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.
- (c) **Standard to Confirm the Plan if Class 12 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 12 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

**SUBMITTING YOUR BALLOT:**

If you did not hold an OPEB Claim as of the OPEB Record Date or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your OPEB Claim against the City has been placed in Class 12 under the Plan. **The attached Ballot is designated only for holders of OPEB Claims in Class 12 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. Such provisions include a release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not a Holder of an OPEB Claim as of the OPEB Record Date or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS HAVING BEEN CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES ON THE NEXT PAGE, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, an OPEB Claim Holder in Class 12 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

**If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your OPEB Benefits.**

**If you accept the Plan, you are also voting to approve certain other cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.H, Article IV.I and Article V.C of the Plan. These provisions include the release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor parties.**

Creditor [Name/Identifier]: [To be Inserted by the City]

Amount of OPEB Claim: [To be Inserted by the City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. is the Holder of an OPEB Claim in Class 12 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- ii. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) a letter from the Retired Detroit Police and Fire Fighters Association and possibly from other parties;
- iii. has not submitted any other ballots for Class 12 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- iv. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

---

Name

---

Social Security or Federal Tax I.D. No. (optional)

---

Signature

---

If by Authorized Agent, Name and Title

---

Street Address

---

City, State, Zip Code

---

Telephone Number

---

Date Completed

---

Email Address

**Exhibit 7A**

Redline of Proposed Order

**EXHIBIT 1**

**Amended Proposed Order**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

	X	
	:	
In re	:	Chapter 9
	:	
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
	:	
	:	
	X	

**ORDER ESTABLISHING SUPPLEMENTAL  
PROCEDURES FOR SOLICITATION AND  
TABULATION OF VOTES TO ACCEPT OR REJECT PLAN  
OF ADJUSTMENT WITH RESPECT TO PENSION AND OPEB CLAIMS**

This matter came before the Court on the *Corrected Motion of the City of Detroit for Entry of an Order Establishing Supplemental Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment with Respect to Pension and OPEB Claims* (Docket No. \_\_\_\_ ) (the "Motion").<sup>1</sup> The Court (a) reviewed the Motion ~~and~~ all objections thereto and the amended exhibits attached to the Notice of Revised Exhibits in Connection with Corrected Motion of the City of Detroit for Entry of an Order Establishing Supplemental Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment with Respect to Pension and OPEB Claims (Docket No. \_\_\_\_\_ ) (the" Notice of

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning given to them in the Motion.

| [Amended Exhibits](#)"), (b) heard the statements of counsel regarding the relief requested in the Motion at a hearing before the Court (the "Hearing") and  
| (c) reviewed the [amended](#) rules for solicitation and tabulation (the "Pension/OPEB Tabulation Rules") attached as Exhibit 6B to the ~~Motion~~ [Notice of Amended Exhibits](#). The Court has determined, after due deliberation, that (a) it has jurisdiction over this matter, (b) this is a core proceeding, (c) notice of the Motion and the Hearing was adequate under the circumstances and (d) the relief requested in the Motion is fair, equitable and in the best interests of the City, its creditors and other parties in interest.

Accordingly, it is hereby ORDERED that:<sup>2</sup>

1. All objections, if any, to the Motion are overruled in their entirety, and the Motion is granted as set forth in this Order.
- | 2. The Supplemental Solicitation Procedures set forth in the Motion, [as amended in the Pension/OPEB Tabulation Rules](#), provide a fair and equitable  
| noticing and voting process with respect to Pension Claims and OPEB Claims and satisfy the requirements of title 11 of the United States Code (the "Bankruptcy Code"), including sections 105(a), 1125, 1126 and 1128 of the Bankruptcy Code; the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), including

<sup>2</sup> To the extent any finding of fact in this order constitutes a conclusion of law, it is adopted as such. To the extent any conclusion of law in this order constitutes a finding of fact, it is adopted as such.

Bankruptcy Rules 2002, 3017, 3018, 3020, 9007 and 9008; the Local Rules of the Bankruptcy Court for the Eastern District of Michigan (the "Local Rules"), including Local Rules 3017-1 and 3018-1; and the requirements of due process.

3. The record date for determining (a) each Pension Claimant's employment status and (b) the amount of each OPEB Claim shall be March 1, 2014 (the "Pension/OPEB Record Date"). The Pension/OPEB Record Date shall be used for purposes of estimating Pension and OPEB Claims pursuant to the Claim Estimation Procedures and for purposes of voting on the Plan.

4. The Pension/OPEB Solicitation Package shall be required to include only the following information and documents:

- a. a copy of the Confirmation Hearing Notice (which generally conforms to the notice of confirmation hearing attached as Exhibit 6A to the Solicitation Procedures Motion, consistent with paragraphs 17 and 20 of the Primary Solicitation Procedures Order);
- b. a CD-ROM which includes the Plan, the Disclosure Statement and all exhibits to either document that have been filed with the Court prior to the date of the mailing of the Pension/OPEB Solicitation Package;
- c. the appropriate form of Ballot for voting on the Plan;
- d. a Ballot return envelope;
- e. a copy of the Pension/OPEB Tabulation Rules;
- f. a copy of the applicable Plain Language Insert;
- g. a cover letter (i) describing the contents of the Pension/OPEB Solicitation Package, (ii) describing the contents of the

CD-ROM and instructions for using the CD-ROM and  
(iii) providing information about how to obtain, at no charge,  
hard copies of any materials provided on the CD-ROM; and

- h. ~~letter(s)~~letters from the PFRS or GRS, as applicable, the Retired Detroit Police and Fire Fighters Association and possibly from other parties.

5. The Plain Language Inserts, substantially in the forms attached to the ~~Motion~~Notice of Amended Exhibits as Exhibits 6C.1, 6C.2 and 6C.3, are hereby approved.

6. The forms of the Ballots attached to the ~~Motion~~Notice of Amended Exhibits as Exhibits 6D.1 through 6D.5 are consistent with Official Form 14 and are hereby approved.

7. The Pension/OPEB Tabulation Rules, including the Claim Estimation Procedures, establish a fair and equitable voting process and are hereby approved.

8. Solely for purposes of voting to accept or reject the Plan, and not for the purpose of allowance of, or distribution on account of, any claims, and without prejudice to the rights of the City in any other context, each Pension Claim and OPEB Claim shall be temporarily allowed in accordance with the Pension/OPEB Tabulation Rules.

9. The Supplemental Solicitation Procedures will provide sufficient notice to all Pension and OPEB Claimants of the Pension/OPEB Record Date, the

Voting Deadline, the Pension/OPEB Tabulation Rules and the Confirmation Hearing.

10. Except to the extent inconsistent with the relief granted herein, the relief granted in the Court's *Order (I) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan or Adjustment and (II) Approving Notice Procedures Related to Confirmation of the Plan of Adjustment* (Docket No. 2984) (the "Primary Solicitation Procedures Order") shall apply to Pension and OPEB Claims and Pension and OPEB Claimants, including, but not limited to, the following:

- a. The City, through Kurtzman Carson Consultants LLC as Balloting Agent, shall send a Pension/OPEB Solicitation Package, no later than May 1, 2014,<sup>3</sup> to each Pension and OPEB Claimant identified by the City, after consultation with the Retiree Committee and the Retirement Systems, as of the Pension/OPEB Record Date, regardless of whether such claimant is listed on the List of Creditors or has filed a proof of claim.
- b. All Ballots submitted by Pension and OPEB Claimants must be properly executed, completed and delivered to the Balloting Agent either by (i) mail in the return envelope provided with each Ballot, (ii) overnight courier or (iii) personal delivery so that, in each case, all Ballots are received by the Balloting Agent no later than 5:00 p.m. Eastern Time on June 30, 2014.
- c. The Confirmation Hearing Notice substantially in the form attached to the Motion as Exhibit 6A, is substantially the same as the notice approved pursuant to paragraph 17 of the Primary Solicitation Procedures Order, and thus, the City is authorized

<sup>3</sup> See *Third Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor's Plan of Adjustment* (Docket No. 3632).

to include a copy of the Confirmation Hearing Notice in the Pension/OPEB Solicitation Packages pursuant to paragraph 20 of the Primary Solicitation Procedures Order, which permits the City to make non-substantive and immaterial changes to the Confirmation Hearing Notice.

11. The City is authorized to make non-substantive or immaterial changes to the Plan (in accordance with the terms thereof and section 942 of the Bankruptcy Code), the Ballots, the Pension/OPEB Tabulation Rules, the Confirmation Hearing Notice, the Pension/OPEB Solicitation Packages, the Plain Language Inserts and all related documents, without further order of the Court, including, but not limited to (a) ministerial changes to correct typographical and grammatical errors, (b) conforming changes among the Disclosure Statement, the Plan, the Ballots and any other materials in the Pension/OPEB Solicitation Packages prior to the mailing thereof and (c) altering the format of such documents to facilitate their efficient distribution.

12. Upon occurrence of any material modification, amendment or alteration to or of the proposed Plan, or the filing by the City of any alternative plan of adjustment under chapter 9 of the Bankruptcy Code, any Pension Claimant, OPEB Claimant and/or the Retiree Committee shall be entitled to file a motion with this Court requesting any appropriate relief on an expedited basis, including, without limitation, entry of an order modifying, vacating or amending: (a) this

Order, (b) any of the Supplemental Solicitation Procedures and/or (c) the Pension/OPEB Tabulation Rules.

13. Nothing contained in this Order shall affect the Consultation Parties' right to object to the classification and treatment of Pension and OPEB Claims in the Plan.

14. Nothing contained in this Order, in any exhibits approved in connection with the Motion, or in any other order approved by the Court in connection with the Disclosure Statement, shall (a) be deemed a finding by the Court that active City employees have no entitlement to OPEB Claims or (b) in any way limit or prevent creditors or parties in interest from objecting to Plan confirmation on any basis, including on the grounds that the plan impermissibly bars active employees with vested retirement benefits from asserting OPEB Claims.

15. The terms and conditions of this Order shall be immediately effective and enforceable upon entry of this Order.

16. The City and its counsel are authorized, in their discretion, to take or refrain from taking any action necessary or appropriate to effectuate the terms of and relief granted by the Order in accordance with the Motion and without further order of the Court.

17. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and enforcement of this Order.

<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 7:43:56 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CHI/CHI/1923993/6	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CHI/CHI/1923993/8	
<b>Changes:</b>	
<u>Add</u>	13
<del>Delete</del>	8
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	21

**Exhibit 7B**

Redline of Pension/OPEB Tabulation Rules

**Exhibit 6B**

**[Amended](#) Pension/OPEB Tabulation Rules**

## **PROPOSED RULES FOR TABULATION OF PENSION/OPEB BALLOTS**

- I. The following procedures (the "Claim Estimation Procedures")<sup>1</sup> shall be used for estimating the value of Pension Claims and OPEB Claims for purposes of voting:
- a. For Pension Claims, the three actuarial firms involved in this case — Milliman, Inc. ("Milliman") for the City; Gabriel, Roeder, Smith & Company ("Gabriel Roeder") for the Retirement Systems; and The Segal Company ("Segal") for the Retiree Committee — have completed independent valuations of the two Retirement Systems' assets and liabilities for the fiscal year ended June 30, 2013, using census data provided by the Retirement Systems. Those valuations will be the basis for the estimations of each Pension Claimant's claim solely for voting purposes.
  - b. Class 10 – Detroit Police & Fire Retirement System
    - (i) The Retirement Systems will prepare and provide to all actuaries four Microsoft Excel spreadsheets identifying: (A) PFRS active employees and former employees that have earned a pension but have not yet retired; (B) PFRS current retirees and surviving spouses; (C) GRS active employees and former employees that have earned a pension but have not yet retired; and (D) GRS current retirees and surviving spouses (the "Four Pension Categories").
    - (ii) For purposes of providing an estimated claim for voting purposes for PFRS claimants, Segal will prepare individual claim calculations for current retirees based on its valuation of the current retiree PFRS Unfunded Actuarial Accrued Liability ("UAAL"). Milliman will prepare individual claim calculations for active employees and former employees who have earned a pension but have not yet retired based on its valuation of the PFRS UAAL and utilizing a formula that takes into account age, years of service and a unit factor to be based on the non-retiree UAAL.
  - c. Class 11 – Detroit General Retirement System
    - (i) The Retirement Systems will prepare and provide to all actuaries four Microsoft Excel spreadsheets identifying the Four Pension Categories.
    - (ii) For purposes of providing an estimated claim for voting purposes for GRS claimants, Segal will prepare individual claim calculations for current retirees based on its valuation of the current retiree GRS UAAL. Milliman will prepare individual claim calculations for active employees and former employees who have earned a pension but have not yet retired

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning given to them in the *Corrected Motion of the City of Detroit for Entry of an Order Establishing Supplemental Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment with Respect to Holders of Pension and OPEB Claims*.

based on its valuation of the GRS UAAL and utilizing a formula that takes into account age, years of service and a unit factor to be based on the non-retiree UAAL.

- (iii) Solely with respect to Class 11 Pension Claimants who, between July 1, 2003 and June 30, 2013, received interest credits in their ASF accounts of at least 7.9%, even if actual investment returns were less than 7.9%, pursuant to Section II.B.3.u.ii.D of the Plan, the City will recalculate the value of any such claimant's ASF account using the actual investment returns (the "Actual Return") for each year between July 1, 2003 and June 30, 2013. The City will subtract the value of any such claimant's ASF account using the Actual Returns from the value of the claimant's ASF account as of June 30, 2013 to determine that claimant's "Annuity Savings Fund Excess Amount." The Annuity Savings Fund Excess Amount will be deducted from the claimant's ASF account and will be used to satisfy all Class 11 Claims. For any claimant who participated in the ASF at any time during the period July 1, 2003 through June 30, 2013 and who has already received a distribution from ASF, the City will convert that claimant's Annuity Savings Fund Excess Amount into an annual amount (the "Annual Deduction") based on the claimant's life expectancy and other factors. The Annual Deduction will then be deducted from the claimant's annual pension amount each year going forward.

d. Class 12 – OPEB Claims

- (i) Utilizing the data available for holders of OPEB Claims as of the Pension/OPEB Record Date as provided to Milliman by the Retirement Systems, and for purposes of establishing individual claim amounts for voting purposes only, Milliman will estimate for each current retiree or such retiree's surviving beneficiaries who were enrolled in or eligible for retiree health insurance as of March 1, 2014, the present value for the City to continue the health coverage that was in effect (or available) for such person immediately prior to March 1, 2014, assuming that such coverage would continue for the remainder of such retiree's or survivor's expected life. The present value of such coverage also shall include the value to provide dependent health insurance coverage to such retiree's dependents until such dependents reach age 26.

- II. Unless otherwise provided in the Pension/OPEB Tabulation Rules, and regardless of any proofs of claim that have been, or may be, filed by or on behalf of a Pension or OPEB Claimant, a Pension or OPEB Claim will be deemed temporarily allowed for voting purposes in the amount calculated pursuant to the Claim Estimation Procedures.
- III. If a party submits a Ballot (a) that does not correspond to an identifiable Pension or OPEB Claimant as of the Pension/OPEB Record Date, or (b) that corresponds to a

Pension Claim or OPEB Claim that has been disallowed, waived or withdrawn, then such Ballot will not be counted unless otherwise ordered by the Court.

- IV. Any Ballot that does not indicate either an acceptance or rejection of the Plan, or indicates both an acceptance and a rejection of the Plan, will not be counted.
- V. Any Ballot that is not executed shall not be counted.
- VI. If a Pension Claimant casts more than one Ballot voting the same Pension Claim, or an OPEB Claimant casts more than one Ballot voting the same OPEB Claim, the latest-dated properly executed Ballot received before the Voting Deadline will supersede any other previously-received Ballots.
- VII. Any Pension or OPEB Claimant with more than one claim in a particular Class (e.g., a surviving spouse who is receiving a survivor's pension from the City, but who also worked for and is retired from the City and receives his or her own separate City pension) must vote all such claims in that Class either to accept the Plan or to reject the Plan. If any such Pension or OPEB Claimant casts a Ballot or Ballots purporting to split its vote with respect to claims in the same Class, the Ballot or Ballots will not be counted.
- VIII. Any Pension Claimant or OPEB Claimant with claims in more than one Class must submit a separate Ballot for each class. If a Pension Claimant or OPEB Claimant uses a single Ballot to vote claims in more than one Class, that Ballot will not be counted. Thus, a retiree who receives both a pension and retiree health insurance benefits from the City must submit a separate Ballot for his or her Pension Claim and OPEB Claim.
- IX. Ballots delivered by email, fax or any other electronic method will not be counted.

X. To the extent the City determines that a Class 10, 11 or 12 Ballot shall not be counted pursuant to section III, IV, V, VII, VIII or IX above, the City shall confer with the Retiree Committee in good faith to attempt to resolve any deficiencies in such Ballot. If any such deficiencies are not resolved by the date that is 5 days prior to the deadline for filing the Pension/OPEB Ballot Tabulation Summary, then such Ballot shall not be counted.

~~X~~XI. The Balloting Agent shall date-stamp (and if necessary, time-stamp) all Ballots when received. The Balloting Agent shall retain all original Ballots and an electronic copy of each for a period of one year after the effective date of the Plan, unless otherwise ordered by the Court.

~~X~~XII. The Balloting Agent shall prepare a summary of the results of the tabulation of all Ballots cast by or on behalf of Pension and OPEB Claimants (the "Pension/OPEB Ballot Tabulation Summary"), which will include a certification of votes by the Balloting Agent, and which will identify, among other things, Ballots that were withdrawn and votes that were changed as a result of a superseding Ballot. The Pension/OPEB Ballot Tabulation Summary shall be (a) filed with the Court on or before July 11, 2014 and (b) may be part of the ballot tabulation summary described in the Primary Solicitation Procedures (as approved by the Primary Solicitation Procedures Order). No personally-

identifying information for any Pension or OPEB Claimant will be included in the Pension/OPEB Ballot Tabulation Summary.

~~XII~~XIII. The City may waive any defects or irregularities as to any Ballot either before or after the Voting Deadline, and any such waivers shall be documented only in the Pension/OPEB Ballot Tabulation Summary.

<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 7:41:52 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CHI/CHI/1923621/7	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CHI/CHI/1923621/8	
<b>Changes:</b>	
<u>Add</u>	7
<del>Delete</del>	5
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	12

**Exhibit 7C**

Redline of PFRS Plain Language Insert

**Exhibit 6C.1**

**Plain Language Insert – Class 10 PFRS Claims**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

-----X--	
-	:
	: Chapter 9
In re	:
	: Case No. 13-53846
CITY OF DETROIT, MICHIGAN,	:
	: Hon. Steven W. Rhodes
Debtor.	:
	X
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**NOTICE REGARDING PROPOSED CHANGES TO PENSIONS  
IN THE CITY'S PLAN OF ADJUSTMENT**

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**Introduction**

This Notice gives (i) active and former employees who have earned pension benefits from the City of Detroit based on your employment and (ii) retirees or surviving beneficiaries who are currently receiving pension benefits from the City of Detroit Retirement Systems a short summary as to how the City's proposed plan of adjustment (the "**Plan**") and the restructuring described in the Plan will affect your future pension benefits.

This Notice provides you with:

- background information about the process for approval of the Plan by the Bankruptcy Court, and
- details about how the proposed Plan will impact your benefits.

**IF APPROVED BY THE BANKRUPTCY COURT, THE CITY'S PLAN OF ADJUSTMENT WILL REDUCE YOUR PENSION BENEFITS. YOU CAN VOTE FOR OR AGAINST THE PLAN, BUT YOU CANNOT AVOID A REDUCTION IN YOUR PENSION BENEFITS BY REFUSING TO VOTE ON THE PLAN.**

**YOUR VOTE MATTERS.**

**If the Plan is approved and the Outside Funding described in this Notice is approved, you will lose all of your rights to sue the City and the State to try to recover the full amount of your pension benefits under the Michigan Constitution or other laws.**

**PLEASE READ THIS ENTIRE NOTICE CAREFULLY. DETAILS OF HOW TO OBTAIN ADDITIONAL INFORMATION REGARDING THE CONTENTS OF THIS NOTICE ARE PROVIDED BELOW.**

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## ***BACKGROUND REGARDING DETROIT'S PENSION OBLIGATIONS***

The City sponsors and provides its employees with pension benefits through two separate pension funds – the General Retirement System ("**GRS**") and the Police and Fire Retirement System ("**PFRS**"). Generally, if you were a uniformed police or fire-fighter employee, you receive your pension payments through PFRS and, if you were a non-uniformed employee, you receive your pension payments through GRS. Generally, before the bankruptcy, the City was required to contribute cash into the GRS and PFRS so that these pension funds would have enough money to pay the pensions that you earned during your employment by the City.

At the time the City filed for bankruptcy, both GRS and PFRS were underfunded. "Underfunded" means that GRS and PFRS have enough assets to pay pensions in the short term, but they do not have enough assets to pay all pensions in full over the long term. The amount of the underfunding is a debt that the City owes to each pension fund (and those entitled to receive benefits from that fund). The underfunding debt creates a "claim" in the City's bankruptcy. The Plan proposes to restructure this debt through reductions in your pension benefits, contributions of money by outside funders to the Retirement Systems and the City's promise to fund the reduced benefit levels going forward.

**If you are either (i) retired, (ii) disabled or (iii) a surviving beneficiary of a City employee, and you are currently receiving a pension**, you have a "**Pension Claim**" in the bankruptcy in connection with this underfunding debt. As a holder of a Pension Claim, you have a right to vote on how the City proposes to reduce your pension benefits and the other terms of the Plan.

Similarly, **if you are an active employee of the City (or a former employee) who has earned the right to a pension upon your future retirement based on your years of service with the City**, you also have a "**Pension Claim**" in the bankruptcy. As a holder of a Pension Claim, you also have a right to vote on how the City proposes to reduce your pension benefits and the other terms of the Plan.

**BACKGROUND REGARDING**  
**DETROIT'S PLAN FOR THE ADJUSTMENT OF ITS DEBTS**

**The Plan and Disclosure Statement**

On ~~March 31~~[April 16](#), 2014, the City of Detroit filed the Plan. The Plan is a legal document that contains the terms of the City's proposed restructuring. Among other things, the Plan proposes to reduce pension benefits and OPEB benefits.

Along with the Plan, the City also filed a document called the "[Second](#) Amended Disclosure Statement with Respect to [Second](#) Amended Plan for the Adjustment of Debts of the City of Detroit." That document is referred to as the "**Disclosure Statement.**" The Disclosure Statement provides more detailed information on various aspects of the proposed Plan and the City's bankruptcy case including, among other things:

- the circumstances leading up to the City filing for bankruptcy;
- key events during the bankruptcy case;
- a description of how the Plan will restructure the City's debts for different types of creditors, including retirees and active or former City employees, by reducing or changing the amounts it will pay and the timing and terms of repayment;
- how the City proposes to implement the Plan;
- the legal effects of approval of the Plan by the Bankruptcy Court;
- instructions regarding voting on the Plan; and
- risk factors associated with the Plan.

**Classification of Pension Claims in the Plan**

**Under the Plan, claims against the City are divided into different classes. Claims related to PFRS pensions are in Class 10.**

- **If you participate in PFRS, your Pension Claim is what the Plan calls a "PFRS Pension Claim." Your PFRS Pension Claim is included in Class 10 of the Plan.**
- The amount of all PFRS Pension Claims that has been estimated for purposes of voting on the Plan is \$1,284,000,000. This amount is equal to the estimated amount of the "underfunding" for PFRS [as of June 30, 2013](#). That is, it is equal to the difference between the market value of the assets in PFRS as of June 30, 2013 and the present value of the liabilities of PFRS [\(in other words, the total amount of all PFRS pension benefits accrued by all City employees, former employees, retirees and survivors\)](#) as of June 30, 2013. If you are the holder of a PFRS Pension Claim, the value of your PFRS Pension Claim is equal to your share of this \$1,284,000,000 and is stated on the Ballot that you received with this Notice. The amount stated on your Ballot is the estimated amount of your PFRS Pension Claim **only for purposes of voting** on the Plan. It is not a promise by the City to pay that amount under the Plan. It is also not an estimate of your future pension checks.
- If you are an active or former employee who was not receiving a PFRS pension as of March 1, 2014, the actual value of your pension will not be calculated until you retire. Your claim and your pension are different things. For Plan voting purposes, your Ballot contains a rough estimate of your portion of the total PFRS Pension Claim based on your age and years of service.

**If you have both a Pension Claim and a claim for retiree healthcare benefits (called an "OPEB Claim" in the Plan), you will get a separate Ballot for each claim. You will also get a different Notice in addition to this Notice.**

## **The Solicitation Package and Voting**

On [\_\_\_\_\_], 2014, the Bankruptcy Court authorized the City to distribute the Plan and Disclosure Statement to its creditors and to solicit their votes to accept or reject the Plan. The Bankruptcy Court also authorized the City to send a paper copy of this Notice to you and others who receive pensions or retiree health or death benefits. This Notice and the other documents are intended to provide you with information on how the terms of the Plan will affect your benefits in the future. The accompanying Ballot is intended to allow you to cast your vote to accept or reject the Plan.

Your vote for or against the Plan will be counted and reported to the Bankruptcy Court and included in (i) the total number of votes cast for or against the Plan in your class and (ii) the total the amount of claims voting either for or against the Plan. **Your vote matters. You cannot avoid a reduction in your pension benefits by refusing to vote.**

If you would like to receive a paper copy of the Plan and the Disclosure Statement, you may obtain one, free of charge, by:

- calling the City's toll-free restructuring hotline at (877) 298-6236;
- visiting the City's restructuring website at [www.kccllc.net/detroit](http://www.kccllc.net/detroit); or
- writing to the City's claims and noticing agent at the following address:

City of Detroit c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
El Segundo, CA 90245

The package containing this Notice should also contain the following materials:

1. A cover letter describing: (a) the materials you received along with this Notice; (b) the contents of the enclosed CD-ROM and instructions with respect to its use; and (c) information about how to obtain, at no charge, paper copies of any materials provided on the CD-ROM.
2. A paper copy of the notice of the hearing before the Bankruptcy Court to consider whether to confirm – i.e., approve – the City's Plan (the "**Confirmation Hearing Notice**").

3. A CD-ROM containing the Plan and Disclosure Statement and exhibits to them that have been filed as of the date of this mailing (all of which are also available at no charge via the internet at <http://www.kccllc.net/detroit>).
4. A letter from the City recommending that you vote to accept the Plan.
5. ~~A letter~~[Letters](#) from PFRS ~~[and other letters recommending that you vote to accept or reject the Plan,~~ [the Retired Detroit Police & Fire Fighters Association and possibly others.](#)]
6. A Ballot for your PFRS Pension Claim, with instructions on how to complete the Ballot, and a Ballot return envelope. Your Ballot for your PFRS Pension Claim has been customized to provide you with personalized information as to how the City estimates that the Plan will affect your monthly pension benefit payment if both pension classes (Class 10 and Class 11) accept the Plan or if one or more of them rejects the Plan. **Please read the instructions, and complete and return the Ballot early enough so that it will be actually received by the Claims Agent in California by no later than June 30, 2014.**

***HOW THE PLAN TO ADJUST DETROIT'S DEBTS  
AFFECTS YOUR FUTURE PENSION BENEFITS***

The Plan contemplates that \$816 million in funding from outside sources as a settlement of certain issues affecting the City and its retirees will be contributed to GRS and PFRS over 20 years *if and only if both Classes 10 and 11 vote to accept the Plan*. These outside sources are: (i) funders of the non-profit corporation that operates the Detroit Institute of ~~Art~~Arts, (ii) 12 charitable foundations and (iii) the State of Michigan. Their collective contributions are called the "Outside Funding."

*If one Class of pension claims votes to accept the Plan and the other Class of pension claims votes to reject the Plan, the Outside Funding for the pensions will not be available. If both Classes of pension claims vote to reject the Plan, this additional Outside Funding for the pensions will not be available.*

***IN OTHER WORDS, BOTH CLASS 10 AND CLASS 11 MUST VOTE TO ACCEPT THE PLAN IN ORDER FOR THE OUTSIDE FUNDING TO BE CONTRIBUTED TO FUND PENSIONS.***

*Even if the Classes both vote to accept the Plan, there is a risk that the payments from the Outside Funding may not be made as promised. The Plan does not require the City to make up for any missed payments before June 30, 2023.*

*For a Class to vote to accept the Plan, more than two-thirds in amount of claims and one-half in number of Class members who actually vote must vote "YES" to accept the Plan.*

*There are other conditions to the receipt of the Outside Funding that must also be met for the money to be contributed. Those are described in the Plan.*

A summary chart showing the difference in estimated adjustments to pension benefits if Outside Funding is, or is not, received for PFRS appears below.

***Estimated Adjustments to Pension Benefits if Classes 10 and 11 Vote Yes on the Plan and Outside Funding is Received and the Court Approves the Plan<sup>1</sup>***

**PFRS**

~~6% reduction in current and future monthly pension payments + elimination of~~ Elimination of 55% of your cost of living adjustment ("COLA") (i.e., you will receive ~~94~~100% of your current pension ~~but no~~ and 45% of COLAs over your lifetime). COLAs are also called "escalators" in PFRS labor contracts.

COLAs are approximately 18% of the total value of PFRS ~~benefits~~liabilities; the value of the COLA to you depends largely upon your age and the size of your current pension

~~The total average~~ 55% of COLAs equate to a reduction ~~is~~ in liabilities of about ~~24~~29.9%; yours could be more or less

[Hard Freeze]

***Estimated Adjustments to Pension Benefits if either Class 10 or Class 11 Votes No on the Plan and No Outside Funding is Received and the Court Approves the Plan***

**PFRS**

~~14%~~No reduction in current and future monthly pension payments + elimination of 100% of COLAs (i.e., you will receive ~~86~~100% of your current pension but no COLAs over your lifetime). COLAs are also called "escalators" in PFRS labor contracts.

COLAs are approximately 18% of the total value of PFRS ~~benefits~~liabilities; the value of the COLA to you depends largely upon your age and the size of your current pension

The total average reduction is about ~~32~~18%; yours could be more or less

[Hard Freeze]

<sup>1</sup> The Plan also contemplates that benefits may be reduced more than 55% of COLA ~~+6%~~ for PFRS if one of the foundations or the DIA Corp. does not make its promised contribution. It cannot be predicted with any certainty at this time how much of a reduction may occur if such a funding default were to happen.

**Please see the charts attached to your Ballot to help you understand how these reductions and elimination of COLAs ("escalators") will affect the typical PFRS pension.**

### **Pension Litigation and How It Affects the Plan**

PFRS, GRS, the Retiree Committee, two labor unions and several associations representing the City's retirees have appealed from the Bankruptcy Court's ruling that found the City to be eligible to file bankruptcy and also held that accrued pension benefits could be reduced. The appeals are pending before the United States Court of Appeals for the Sixth Circuit.

**The Outside Funding of \$816 million will not be available for PFRS or GRS if these appeals continue. The Outside Funding will only be available if these appeals are resolved, dismissed or withdrawn prior to approval of the Plan.**

If the appeals continue and are successful and no further appeals or other legal actions are taken, then either the City's bankruptcy case may be dismissed (and no plan would be confirmed), or the appellate court may hold that, although the City may pursue a restructuring in this bankruptcy case, it cannot reduce or impair your pension (and the Plan could not be confirmed). In either case, the Outside Funding of \$816 million would not be available for PFRS and GRS.

Even if the appellate court decides that the City cannot legally reduce your pension, the City's financial problems mean that it would still not have enough money to make the required pension contributions to PFRS or GRS. So you would still not be assured of receiving a full pension payment even if you had a legal right to a full pension payment.

If the appeals are unsuccessful and no further appeals or other legal actions are taken, then the Plan as written will be unaffected.

If the Plan is approved and the Outside Funding described in this Notice is approved, you will lose all of your rights to sue the City and the State to try to recover the full amount of your pension benefits under the Michigan Constitution or other laws.

### **Your PFRS Adjusted Pension Amount (Class 10)**

**Your already-accrued pension benefit amount, as it will be adjusted/reduced by the Plan, is called your "PFRS Adjusted Pension Amount."**

**If you are currently a retiree or a surviving beneficiary drawing a pension, you will receive a revised monthly pension equal to your PFRS Adjusted Pension Amount. Your Ballot enclosed with this Notice contains two scenarios that will affect your new monthly PFRS Adjusted Pension Amount: (i) a higher estimate if Classes 10 and 11 vote to accept the Plan (and the Outside Funding is received) and (ii) a lower estimate if either Class 10 or Class 11 votes to reject the Plan (and the Outside Funding is not received).**

**The City cannot ensure collection of the Outside Funding, and a failure to collect the Outside Funding may cause a further reduction in your PFRS Adjusted Pension Amount.**

**If you are a terminated employee who has earned a pension but has not yet retired and begun to receive your pension, you, too, will receive a revised monthly pension equal to your PFRS Adjusted Pension Amount upon your retirement. If you are an active employee who is not currently collecting pension payments but has earned a monthly pension based on employment with the City, you will receive upon your future retirement a monthly pension equal to the sum of (i) your PFRS Adjusted Pension Amount plus (ii) your "New Accrued Pension." Your "New Accrued Pension" is the part of your pension that will be earned under a new "hybrid" pension plan based upon service from and after July 1, 2014. This is called the "New PFRS Active Pension Plan" in the Plan. Your Ballot enclosed with this Notice contains two scenarios that will affect your future monthly pension earned as of ~~July~~ June 30, 2014: (i) if Classes 10 and 11 vote to accept the Plan (and the Outside Funding is received) and (ii) if either Class 10 or Class 11 votes to reject the Plan (and the Outside Funding is not received). Neither of these estimates includes any amount attributable to any employment with the City from and after July 1, 2014, and they do not include any pension amount you will earn under the New PFRS Active Pension Plan after July 1, 2014.**

## PFRS Pension Reductions & the PFRS Adjusted Pension Amount

1. **If you are a current retiree or a surviving beneficiary who currently receives a monthly pension**, then as soon as practical but no later than ~~[90]~~ days following the effective date of the Plan, your monthly pension will be reduced by ~~6-14%~~the loss of 55% of your COLA or by the loss of 100% of your COLA depending on whether all of the Outside Funding is available. ~~In addition, you will not receive any future COLAs to your pension payments.~~ For PFRS, ~~these~~ COLAs represent about 18% of total PFRS liabilities. COLAs are also called "escalators" in PFRS labor contracts. Over time, the loss of COLAs will affect younger retirees (or active employees with a vested pension benefit) more than it will affect older retirees ~~since~~because younger people generally can expect to receive more years of annual COLAs.

Example 1: John Smith is age 70. He currently receives a \$30,000 pension, plus he is entitled to an annual 2.25% increase (COLA or "escalator") in his current pension each July 1. If Classes 10 and 11 accept the Plan, John Smith will ~~begin~~continue to receive ~~\$28,200~~\$30,000 per year, and it will ~~not~~ be increased annually. ~~He will receive \$28,200 annually for life.~~ by 45% of the COLA ("escalator") formula, or 1.0125%.

But if Classes 10 and 11 do not accept the Plan, John Smith will ~~begin to~~ receive ~~\$25,800~~\$30,000 per year, and it will not be increased annually. He will receive ~~\$25,800~~\$30,000 annually for life.

2. **If you are a former employee who earned a vested pension before separation from employment with the City**, the monthly pension amount that you will be paid upon your future retirement will be reduced by ~~6-14%~~the loss of 55% of your COLA or by the loss of 100% of your COLA below the pension amount you had earned at the time of your termination depending on whether all of the Outside Funding is available. ~~In addition, you will not receive any future COLAs to your pension payments.~~ For PFRS, COLAs represent about 18% of total PFRS liabilities. COLAs are also called "escalators" in PFRS labor contracts. Over time, the loss of COLAs will affect younger terminated employees with vested benefits more than it will affect older retirees, ~~since~~ because younger people can generally expect to receive more years of annual COLAs.

Example 2: Jane Jones is age 50. She terminated employment 10 years ago after serving 10 years as a firefighter. She has a right to receive a \$30,000 pension at age 62, plus an annual 2.25% increase (COLA or "escalator") of her current annual pension each July 1. If Classes 10 and 11 accept the Plan, Jones will receive at retirement ~~\$28,200~~\$30,000 per year, and it will ~~not~~ be increased annually. ~~She will receive \$28,200 annually for life.~~ by 45% of the COLA ("escalator") formula, or 1.0125%.

But if Classes 10 and 11 do not accept the Plan, Jane Jones will ~~begin to~~ receive ~~\$25,800~~\$30,000 per year, and it will not be increased annually. She will receive ~~\$25,800~~\$30,000 annually for life.

3. **If you are an active employee who has earned a monthly pension to be paid upon your future retirement,** you will continue to grow your pension under the current pension formula through June 30, 2014. At that point, your pension benefits will be frozen (meaning that you will not earn any more benefits under the current pension plan formula), and you will not be able to earn any additional pension amounts under the current PFRS pension formula. If the Plan is approved, your frozen monthly pension amount will be reduced either by 6-14% the loss of 55% of your COLA or by the loss of 100% of your COLA depending on whether all of the Outside Funding is available. You will be able to receive your reduced frozen pension payment upon attaining a sufficient number of years of service as provided for under the current pension formula. As noted above, your reduced pension amount is called your "PFRS Adjusted Pension Amount." ~~In addition, you will not receive any future COLAs to your pension payments.~~ For PFRS, these COLAs represent about 18% of total PFRS liabilities. COLAs are also called "**escalators**" in PFRS labor contracts. Over time, the loss of COLAs will affect younger retirees (or active employees with vested pension benefits) more than it will affect older retirees ~~since~~because younger people generally can expect to receive more years of annual COLAs.

4. **If you are an active employee and you continue to work for the City after July 1, 2014,** you will earn a new monthly pension under the New PFRS Active Pension Plan that will be paid at retirement along with your PFRS Adjusted Pension Amount. The monthly pension amount that you earn after July 1, 2014 is called your "**New Accrued Pension.**" The pension formula for years of service after July 1, 2014 will be less generous than the formula that currently applies to your pension. You will no longer be entitled to elect into a deferred retirement

option plan ("DROP"), either for your frozen benefit or for your New Accrued Pension.

Example 3: John Johnson is age 42. As of ~~July 1~~June 30, 2014, he will have earned – based on his then salary and years of service – a \$30,000 annual pension. He also will have earned a right to a 2.25% annual increase (COLA or "escalator") in his annual pension each year following retirement. Johnson works for another 10 years, and retires on July 1, 2024. Under the PFRS New Accrued Pension, he earns a \$7,500 annual pension for life. If Classes 10 and 11 approve the Plan, Johnson's \$30,000 frozen accrued pension ~~is reduced to \$28,200, and he loses the right to~~will be increased by 45% of the 2.25% COLA ("escalator") formula (i.e., it will be increased annually by 1.0125%). At retirement, Johnson will receive the following: (i) an annual ~~\$28,200~~\$30,000 pension under the old formula with a 1.0125% COLA escalator, plus (ii) an annual \$7,500 pension under the PFRS New Accrued Pension, for a total annual pension for life of ~~\$35,700~~\$37,500 with the reduced COLA escalator payable on \$30,000 of his annual pension.

But if Classes 10 and 11 do not approve the Plan, John Johnson will receive at retirement ~~\$33,300~~\$37,500 per year (~~\$25,800~~\$30,000 + \$7,500), and it will not be increased annually. He will receive ~~\$33,300~~\$37,500 annually for life.

#### PFRS Pension Funding

**5. In the event that all of the Outside Funding is made available (a portion of which will be made available to PFRS) and that Classes 10 and 11 both have accepted the Plan,** during the period from July 1, 2014 through June 30, 2023, contributions in the amount of approximately ~~#{\_\_\_}~~\_\_\_ million will be made to PFRS. Other than the Income Stabilization funds discussed below, these are the only amounts that are contemplated to be contributed to PFRS during this period. These contributions will be paid only from the Outside Funding. If the Outside Funding is not paid as required by the Plan, it is not contemplated that the City would make up these amounts.

**6.** Beginning on and after July 1, 2023, approximately ~~#{\_\_\_}~~\_\_\_ million in Outside Funding will be available for PFRS. The City will be responsible for contributing all other amounts necessary to enable PFRS to pay your PFRS Adjusted Pension Amount (and your New Accrued Pension, if you are an active

employee). The City will make the necessary contributions from its future tax revenues and available cash.

### PFRS Pension Restoration

7. The pension benefits reductions that are discussed in Paragraphs 1, 2 and 3 above may be restored, in whole or in part, if the funding level<sup>2</sup> of PFRS significantly improves. This restoration may occur if (a) the investment returns on PFRS assets are greater than certain specified thresholds or (b) other actuarially-determined factors contribute to improve the funding level of PFRS. In other words, if PFRS pension funding levels improve, your PFRS Adjusted Pension Amount may be increased, and some or all of your future COLA payments could be restored. Any pension restoration will ~~first~~ be used to increase ~~the PFRS Adjusted Pension Amount to existing retirees; additional pension restoration will be used to increase the PFRS Adjusted Pension Amount to terminated vested employees and active employees. Any additional pension restoration beyond increasing the PFRS Adjusted Pension Amount will then be used to provide a COLA~~ first, the COLA payments to retirees, surviving spouses, and beneficiaries in pay status as of June 30, 2014; second, the COLA payments to retirees, surviving spouses, and beneficiaries in pay status as of the date that restoration is determined who were not in pay status as of June 30, 2014; and third, the COLA payments to PFRS plan participants not in pay status as of the date that restoration is determined. The precise amount of the restoration within these categories will be determined by the PFRS trustees, ~~and at least a~~ the majority of ~~such trustees~~ which will be independent trustees and independent advisors to the trustees. Under the Plan, the PFRS trustees may not increase your PFRS Adjusted Pension Amount if it causes PFRS to fall below an 80% funding level determined as of June 30, 2023. On or after June 30, 2023, the City and the applicable unions representing safety employees, with the consent of the PFRS trustees, may restore any pension cuts without regard to the 80% funding level and increase the PFRS Adjusted Pension Amount to the extent it is prudent to do so and such increase is legally permitted. **Restoration of benefits, particularly until 2023, cannot be assured. After 2023, restoration of certain benefits may be possible, but it cannot be predicted at this time whether or when any restoration will occur.**

<sup>2</sup> "Funding level" means the market value of PFRS' assets as a percentage of PFRS' liabilities to all participants for PFRS Adjusted Pension Amounts projected forward to 2023 and later. For example, if (a) the market value of PFRS' assets were \$100 and (b) the amount of its liabilities to all participants for PFRS Adjusted Pension Amounts were also \$100, the "funding level" for PFRS would be 100%. If, however, (a) the market value of PFRS' assets were \$80 and (b) the amount of its liabilities were \$100, the "funding level" for PFRS would be 80%.

Example 4: John Smith, age 70, ~~has his~~is receiving a current \$30,000 annual pension ~~reduced to \$28,200 per year. In other words, he had his pension reduced by \$1,800 and 45% (or 1.0125%) of his COLA escalator.~~ In 2018, the PFRS actuaries conclude that because of strong investment performance, the projected funding level of PFRS in 2023 will be 85%, and that \$200 million in current PFRS assets are available to restore ~~some of the cuts that took place~~COLAs in ~~2014~~2019. The PFRS trustees, based on the advice of the PFRS actuaries, determine that the \$200 million will fund ~~30% restoration of all of the pension amount remaining COLA~~ that was taken away: ~~30% of \$1,800 is \$540.~~ Beginning July 1, ~~2018~~2019, Smith will ~~have \$540 of his pension restored and he will~~ receive ~~\$28,740 for life~~his \$30,000 pension as it was increased by the 1.0125% COLA until June 30, 2018 and as it will be increased by a 2.25% COLA from and after July 1, 2019.

## Fund for Income Stabilization

The ~~trusts~~trust agreements of each of GRS and PFRS will be amended to provide a supplemental pension income stabilization benefit ("**Income Stabilization Benefit**") to each ~~Qualified~~Eligible Pensioner (defined below) equivalent to the lesser of (a) the amount needed to restore 100% of the individual's reduced pension payment to the amount of the pension payment that the ~~Qualified~~Eligible Pensioner received in actual dollars in 2013; or (b) the amount needed to bring the total household income of the ~~Qualified~~Eligible Pensioner up to 130% of the Federal Poverty Level in the year in which the pension is received. ~~Income Stabilization Benefits will be payable over the 20 year period following the confirmation date of the Plan. If any funds remain in the GRS or PFRS Income Stabilization Fund at the end of the 20 year period or, if earlier, the date upon which no Qualified Pensioners under the respective system are living, any remaining funds will be used to fund that system's adjusted pension benefits. The City will contribute a total of \$5 million per year for 10 years for these purposes.~~

The PFRS Income Stabilization Benefits will be paid from the Income Stabilization Fund of PFRS. The Income Stabilization Fund of PFRS will be funded with certain proceeds of a settlement with certain bond creditors, up to an aggregate amount of \$20 million to be divided between the Income Stabilization Fund of PFRS and the Income Stabilization Fund of GRS.

In the event that, in 2022 (provided that the State has not issued a certificate of default with respect to PFRS at any time prior to 2022), it is the opinion of at least 75% of the independent members of the board of trustees of PFRS that the Income Stabilization Fund of PFRS has more assets than it needs to provide Income Stabilization Benefits, the PFRS board of trustees may, in its sole discretion, permit the excess assets, in an amount not to exceed \$35 million in the aggregate between both GRS and PFRS, to be used to fund the Adjusted Pension Amounts payable by PFRS. In the event that any funds remain in the Income Stabilization Fund of PFRS on the date upon which no Eligible Pensioners under PFRS remain, such funds shall be used to fund the Adjusted Pension Amounts payable by PFRS.

**"~~Qualified~~Eligible Pensioners"** are those retirees or surviving spouses who ~~are~~hold a Pension Claim who are eligible to receive Income Stabilization Benefits because such Holder (a) is, as of the effective date of the Plan, at least 60 years of age ~~at the time of the Plan confirmation~~ or ~~those~~a minor ~~children~~child receiving survivor benefits from ~~GRS or PFRS at the time of Plan confirmation, whose~~

~~pension benefit from GRS or PFRS will be reduced under the Plan, and who have total~~ and (b) has an aggregate annual household income equal to or less than 140% of the Federal Poverty ~~Line~~ Level in 2013 (per their (or in the case of minor children, their legal guardian's) 2013 income tax returns or equivalent documentation). No new persons will be eligible to receive Income Stabilization Benefits at any time in the future, and any minor child receiving survivor benefits shall cease to be an Eligible Pensioner after he or she turns 18 years of age.

### *PLAN RELEASES*

**If the Plan is confirmed, it will be binding on you. You will have no right to demand that the City pay you the full original amounts it owed for your pension. You will only have the right to your reduced pension benefits under the Plan.**

#### Comprehensive State Release

In addition to protection from further claims against the City that is a standard part of any plan of adjustment, the Plan also proposes to grant to the State of Michigan, its officials and certain other related parties a comprehensive release of any obligation they might have with respect to your pension claim and other claims against the City.<sup>3</sup> This is called the "**Comprehensive State Release.**" The Bankruptcy Court will have to approve this Comprehensive State Release, and it may not do so. If the Comprehensive State Release is approved, **you will not be allowed to sue the State, the City or any State entities to restore pension cuts** ~~benefits~~ or argue that the City did not have the power to reduce pensions, even if you vote to reject the Plan.

**If the Bankruptcy Court does not approve the Comprehensive State Release, the State does not have to contribute its \$350 million State Contribution to the Pension Funds.** If the State's money is not contributed, then none of the other sources of Outside Funding will make their payments, either. In that case, none of the \$816 million in contributions will be made to the pension plans, and your pension benefit cuts will be at the higher levels set forth in the chart on page 7 (no COLA +14% for PFRS escalators).

<sup>3</sup> Specifically, this release would release all claims and liabilities arising from or related to the City, the chapter 9 case (including the authorization given to file the chapter 9 case), the Plan and exhibits thereto, the Disclosure Statement, PA 436 and its predecessor or replacement statutes, and Article IX, § 24 of the Michigan Constitution.

### Release by Claim Holders Accepting the Plan

The Plan also provides for an "**Accepting Holders Release.**" The Accepting Holders Release would be granted by individual creditors by their accepting the Plan. This means that if you individually vote to accept the Plan, you will be personally releasing the City and its related entities, the State and its related entities, the Retiree Committee, the members of the Retiree Committee, the Retiree Committee professionals, the foundations and other organizations who are providing Outside Funding and their related entities except for such parties' gross negligence or willful misconduct.

**In other words, if you vote to accept the Plan, you will not be allowed to sue the State, the City or any State entities to restore pension ~~cuts~~ benefits or argue that the City did not have the power to reduce pensions.**

<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 7:39:38 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CLI/CLI/2202932/1	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CLI/CLI/2202932/6	
<b>Changes:</b>	
<u>Add</u>	91
<del>Delete</del>	98
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	2
<del>Table Delete</del>	4
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	195

**Exhibit 7D**

Redline of GRS Plain Language Insert

## **Exhibit 6C.2**

Plain Language Insert – Class 11 GRS Claims

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

-----X--	
-	:
	: Chapter 9
In re	:
	: Case No. 13-53846
CITY OF DETROIT, MICHIGAN,	:
	: Hon. Steven W. Rhodes
Debtor.	:
	X
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**NOTICE REGARDING PROPOSED CHANGES TO  
PENSIONS IN THE CITY'S PLAN OF ADJUSTMENT**

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**Introduction**

This Notice gives (i) active and former employees who have earned pension benefits from the City of Detroit based on your employment and (ii) retirees or surviving beneficiaries who are currently receiving pension benefits from the City of Detroit Retirement Systems a short summary as to how the City's proposed plan of adjustment (the "**Plan**") and the restructuring described in the Plan will affect your future pension benefits.

This Notice provides you with:

- background information about the process for approval of the Plan by the Bankruptcy Court, and
- details about how the proposed Plan will impact your benefits.

**IF APPROVED BY THE BANKRUPTCY COURT, THE CITY'S PLAN OF ADJUSTMENT WILL REDUCE YOUR PENSION BENEFITS. YOU CAN VOTE FOR OR AGAINST THE PLAN, BUT YOU CANNOT AVOID A REDUCTION IN YOUR PENSION BENEFITS BY REFUSING TO VOTE ON THE PLAN.**

**YOUR VOTE MATTERS.**

**If the Plan is approved and the Outside Funding described in this Notice is approved, you will lose all of your rights to sue the City and the State to try to recover the full amount of your pension benefits under the Michigan Constitution or other laws.**

**PLEASE READ THIS ENTIRE NOTICE CAREFULLY. DETAILS OF HOW TO OBTAIN ADDITIONAL INFORMATION REGARDING THE CONTENTS OF THIS NOTICE ARE PROVIDED BELOW.**

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## ***BACKGROUND REGARDING DETROIT'S PENSION OBLIGATIONS***

The City sponsors and provides its employees with pension benefits through two separate pension funds – the General Retirement System ("**GRS**") and the Police and Fire Retirement System ("**PFRS**"). Generally, if you were a uniformed police or fire-fighter employee, you receive your pension payments through PFRS and, if you were a non-uniformed employee, you receive your pension payments through GRS. Generally, before the bankruptcy, the City was required to contribute cash into the GRS and PFRS so that these pension funds would have enough money to pay the pensions that you earned during your employment by the City.

At the time the City filed for bankruptcy, both GRS and PFRS were underfunded. "Underfunded" means that GRS and PFRS have enough assets to pay pensions in the short term, but they do not have enough assets to pay all pensions in full over the long term. The amount of the underfunding is a debt that the City owes to each pension fund (and those entitled to receive benefits from that fund). The underfunding debt creates a "claim" in the City's bankruptcy. The Plan proposes to restructure this debt through reductions in your pension benefits, contributions of money by outside funders to the Retirement Systems and the City's promise to fund the reduced benefit levels going forward.

**If you are either (i) retired, (ii) disabled or (iii) a surviving beneficiary of a City employee, and you are currently receiving a pension**, you have a "**Pension Claim**" in the bankruptcy in connection with this underfunding debt. As a holder of a Pension Claim, you have a right to vote on how the City proposes to reduce your pension benefits and the other terms of the Plan.

Similarly, **if you are an active employee of the City (or a former employee) who has earned the right to a pension upon your future retirement based on your years of service with the City**, you also have a "**Pension Claim**" in the bankruptcy. As a holder of a Pension Claim, you also have a right to vote on how the City proposes to reduce your pension benefits and the other terms of the Plan.

## **BACKGROUND REGARDING DETROIT'S PLAN FOR THE ADJUSTMENT OF ITS DEBTS**

### **The Plan and Disclosure Statement**

On ~~March 31~~[April 16](#), 2014, the City of Detroit filed the Plan. The Plan is a legal document that contains the terms of the City's proposed restructuring. Among other things, the Plan proposes to reduce pension benefits benefits.

Along with the Plan, the City also filed a document called the "[Second](#) Amended Disclosure Statement with Respect to [Second](#) Amended Plan for the Adjustment of Debts of the City of Detroit." That document is referred to as the "**Disclosure Statement.**" The Disclosure Statement provides more detailed information on various aspects of the proposed Plan and the City's bankruptcy case including, among other things:

- the circumstances leading up to the City filing for bankruptcy;
- key events during the bankruptcy case;
- a description of how the Plan will restructure the City's debts for different types of creditors, including retirees and active or former City employees, by reducing or changing the amounts it will pay and the timing and terms of repayment;
- how the City proposes to implement the Plan;
- the legal effects of approval of the Plan by the Bankruptcy Court;
- instructions regarding voting on the Plan; and
- risk factors associated with the Plan.

### **Classification of Pension Claims in the Plan**

**Under the Plan, claims against the City are divided into different classes. Claims related to GRS pensions are in Class 11.**

- **If you participate in GRS, your Pension Claim is what the Plan calls a "GRS Pension Claim." Your GRS Pension Claim is included in Class 11 of the Plan.**
- The amount of all GRS Pension Claims that has been estimated for purposes of voting on the Plan is \$1,976,000,000. This amount is equal to the estimated amount of the "underfunding" for GRS as of June 30, 2013. That is, it is equal to the difference between the market value of the assets in GRS as of June 30, 2013 and the present value of the liabilities of GRS (in other words, the total amount of all GRS pension benefits accrued by all City employees, former employees, retirees and survivors) as of June 30, 2013. If you are the holder of a GRS Pension Claim, the value of your GRS Pension Claim is equal to your share of this \$1,976,000,000 and is stated on the Ballot that you received with this Notice. The amount stated on your Ballot is the estimated amount of your GRS Pension Claim **only for purposes of voting** on the Plan. It is not a promise by the City to pay that amount under the Plan. It is also not an estimate of your future pension checks.

**If you have both a Pension Claim and a claim for retiree healthcare benefits (called an "OPEB Claim" in the Plan), you will get a separate Ballot for each claim. You will also get a different Notice in addition to this Notice.**

### **The Solicitation Package and Voting**

On [\_\_\_\_\_], 2014, the Bankruptcy Court authorized the City to distribute the Plan and Disclosure Statement to its creditors and to solicit their votes to accept or reject the Plan. The Bankruptcy Court also authorized the City to send a paper copy of this Notice to you and others who receive pensions or retiree health or death benefits. This Notice and the other documents are intended to provide you with information on how the terms of the Plan will affect your benefits in the future. The accompanying Ballot is intended to allow you to cast your vote to accept or reject the Plan.

Your vote for or against the Plan will be counted and reported to the Bankruptcy Court and included in (i) the total number of votes cast for or against the Plan in your class and (ii) the total the amount of claims voting either for or against the

**Plan. Your vote matters. You cannot avoid a reduction in your pension benefits by refusing to vote.**

If you would like to receive a paper copy of the Plan and the Disclosure Statement, you may obtain one, free of charge, by:

- calling the City's toll-free restructuring hotline at (877) 298-6236;
- visiting the City's restructuring website at [www.kccllc.net/detroit](http://www.kccllc.net/detroit); or
- writing to the City's claims and noticing agent at the following address:

City of Detroit c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
El Segundo, CA 90245

The package containing this Notice should also contain the following materials:

1. A cover letter describing: (a) the materials you received along with this Notice; (b) the contents of the enclosed CD-ROM and instructions with respect to its use; and (c) information about how to obtain, at no charge, paper copies of any materials provided on the CD-ROM.
2. A paper copy of the notice of the hearing before the Bankruptcy Court to consider whether to confirm – i.e., approve – the City's Plan (the "**Confirmation Hearing Notice**").
3. A CD-ROM containing the Plan and Disclosure Statement and exhibits to them that have been filed as of the date of this mailing (all of which are also available at no charge via the internet at <http://www.kccllc.net/detroit>).
4. A letter from the City recommending that you vote to accept the Plan.
5. ~~A letters~~[Letters](#) from GRS [and ~~other letters recommending that you vote to accept or reject the Plan~~[possibly others.](#)]
6. A Ballot for your GRS Pension Claim with instructions on how to complete the Ballot and Ballot return envelope. Your Ballot for your GRS Pension Claim has been customized to provide you with personalized information as to how the City estimates that the Plan will affect your monthly pension benefit payment if both pension classes (Class 10 and Class 11) either accept the Plan or if one or

more of them rejects the Plan. **Please read the instructions, and complete and return the Ballot early enough so that it will be actually received by the Claims Agent in California by no later than June 30, 2014.**

***HOW THE PLAN TO ADJUST DETROIT'S DEBTS  
AFFECTS YOUR FUTURE PENSION BENEFITS***

The Plan contemplates that \$816 million in funding from outside sources as a settlement of certain issues affecting the City and its retirees will be contributed to GRS and PFRS over 20 years *if and only if both Classes 10 and 11 vote to accept the Plan*. These outside sources are: (i) funders of the non-profit corporation that operates the Detroit Institute of ~~Art~~Arts, (ii) 12 charitable foundations and (iii) the State of Michigan. Their collective contributions are called the "Outside Funding."

*If one Class of pension claims votes to accept the Plan and the other Class of pension claims votes to reject the Plan, the Outside Funding for the pensions will not be available. If both Classes of pension claims vote to reject the Plan, this additional Outside Funding for the pensions will not be available.*

***IN OTHER WORDS, BOTH CLASS 10 AND CLASS 11 MUST VOTE TO ACCEPT THE PLAN IN ORDER FOR THE OUTSIDE FUNDING TO BE CONTRIBUTED TO FUND PENSIONS.***

*Even if the Classes both vote to accept the Plan, there is a risk that the payments from the Outside Funding may not be made as promised. The Plan does not require the City to make up for any missed payments before June 30, 2023.*

*For a Class to vote to accept the Plan, more than two-thirds in amount of claims and one-half in number of Class members who actually vote must vote "YES" to accept the Plan.*

*There are other conditions to the receipt of the Outside Funding that must also be met for the money to be contributed. Those are described in the Plan.*

A summary chart showing the difference in estimated adjustments to pension benefits if Outside Funding is, or is not, received for GRS appears below.

<i>Estimated Adjustments to Pension Benefits if Classes 10 and 11 Vote Yes on the Plan and Outside Funding is Received and the Court Approves the Plan<sup>1</sup></i>
<b>GRS</b>
<p><del>26</del><u>4.5</u>% reduction in current and future monthly pension payments<sup>2</sup>  + elimination of COLA + <u>Annuity Savings Fund Recoupment</u>  <i>(i.e., you will receive <del>74</del><u>95.5</u>% of your current pension but no COLAs over your lifetime <u>and you will be subject to Annuity Savings Fund Recoupment</u>)</i></p> <p>COLAs are approximately <del>13</del><u>14.5</u>% of <del>the total value of</del><u>projected 2014</u> GRS <del>benefits</del><u>liabilities</u>; the value of the COLA to you depends largely upon your age and the size of your current pension</p> <p><u>Annuity Savings Fund Recoupment is expected to be about 7% of projected 2014 GRS liabilities; your portion could be more or less</u></p> <p>The total average reduction <u>in GRS liabilities</u> is about <del>39</del><u>25.3</u>%; yours could be more or less</p>
<i>Estimated Adjustments to Pension Benefits if either Class 10 or Class 11 Votes No on the Plan and No Outside Funding is Received and the Court Approves the Plan</i>
<b>GRS</b>
<p><del>34</del><u>29</u>% reduction in current and future monthly pension payments<sup>3</sup>  + elimination of COLAs + <u>Annuity Savings Fund Recoupment</u>  <i>(i.e., you will receive <del>66</del><u>71</u>% of your current pension but no COLAs over your lifetime <u>and you will be subject to Annuity Savings Fund Recoupment</u>)</i></p> <p>COLAs are approximately <del>13</del><u>14.5</u>% of <del>the total value of</del><u>projected 2014</u> GRS</p>

<sup>1</sup> The Plan also contemplates that benefits may be reduced more than COLA + ~~26~~4.5% + ASF Recoupment for GRS if one of the foundations or the DIA Corp. does not make its promised contribution. It cannot be predicted with any certainty at this time how much of a reduction may occur if such a funding default were to happen.

<sup>2</sup> A 4.5% benefit reduction is about 3.8% of projected 2014 GRS liabilities before the elimination of COLA.

<sup>3</sup> A 29% benefit reduction is about 24.76% of projected 2014 GRS liabilities before the elimination of COLA.

~~benefits~~liabilities; the value of the COLA to you depends largely upon your age and the size of your current pension

Annuity Savings Fund Recoupment is expected to be about 7% of projected 2014 GRS liabilities; your portion could be more or less

The total average reduction in liabilities is about ~~47~~46.26%; yours could be more or less

**Please see the charts attached to your Ballot to help you understand how these reductions and elimination of COLAs will affect the typical GRS pension.**

### **Pension Litigation and How It Affects the Plan**

GRS, PFRS, the Retiree Committee, two labor unions and several associations representing the City's retirees have appealed from the Bankruptcy Court's ruling that found the City to be eligible to file bankruptcy and also held that accrued pension benefits could be reduced. The appeals are pending before the United States Court of Appeals for the Sixth Circuit.

**The Outside Funding of \$816 million will not be available for GRS or PFRS if these appeals continue. The Outside Funding will only be available if these appeals are resolved, dismissed or withdrawn prior to approval of the Plan.**

If the appeals continue and are successful and no further appeals or other legal actions are taken, then either the City's bankruptcy case may be dismissed (and no plan would be confirmed), or the appellate court may hold that, although the City may pursue a restructuring in this bankruptcy case, it cannot reduce or impair your pension (and the Plan could not be confirmed). In either case, the Outside Funding of \$816 million would not be available for GRS and PFRS.

Even if the appellate court decides that the City cannot legally reduce your pension, the City's financial problems mean that it would still not have enough money to make the required pension contributions to GRS or PFRS. So you would still not be assured of receiving a full pension payment even if you had a legal right to a full pension payment.

If the appeals are unsuccessful and no further appeals or other legal actions are taken, then the Plan as written will be unaffected.

If the Plan is approved and the Outside Funding described in this Notice is approved, you will lose all of your rights to sue the City and the State to try to recover the full amount of your pension benefits under the Michigan Constitution or other laws.

### **Your GRS Adjusted Pension Amount (Class 11)**

**Your already-accrued pension benefit amount, as it will be adjusted by the Plan, is called your "GRS Adjusted Pension Amount" in the Plan.**

**If you are currently a retiree or a surviving beneficiary drawing a pension, you will receive a revised monthly pension equal to your GRS Adjusted Pension Amount. Your Ballot enclosed with this Notice contains two scenarios that will affect your new monthly GRS Adjusted Pension Amount: (i) a higher estimate if Classes 10 and 11 vote to accept the Plan (and the Outside Funding is received) and (ii) a lower estimate if either Class 10 or Class 11 votes to reject the Plan (and the Outside Funding is not received).**

**The City cannot ensure collection of the Outside Funding, and a failure to collect Outside Funding may cause a further reduction in your GRS Adjusted Pension Amount.**

**If you are a terminated employee who has earned a pension but has not yet retired and begun to receive your pension, you, too, will receive a revised monthly pension equal to your GRS Adjusted Pension Amount upon your retirement. If you are an active employee who is not currently collecting pension payments but has earned a monthly pension based on your employment with the City, you will receive upon your future retirement a monthly pension equal to the sum of (i) your GRS Adjusted Pension Amount plus (ii) your "New Accrued Pension." Your "New Accrued Pension" is the part of your pension that will be earned under a new "hybrid" pension plan based upon service from and after ~~July 1~~ June 30, 2014. This is called the "New GRS Active Pension Plan" in the Plan. Your Ballot enclosed with this Notice contains two scenarios that will affect your future monthly pension earned as of July 1, 2014: (i) if Classes 10 and 11 vote to accept the Plan (and the Outside Funding is received) and (ii) if either Class 10 or Class 11 votes to reject the Plan (and the Outside Funding is not received). Neither of these scenarios includes any pension attributable to any employment with the City from and after July 1, 2014, and they do not include any pension amount you will earn under the New GRS Active Pension Plan after July 1, 2014.**

**If you maintained an Annuity Savings Fund account at any time during the period July 1, 2003 through June 30, 2013, you also will be subject to an adjustment to your Annuity Savings Fund account (if you are an active**

employee or a terminated employee with an Annuity Savings Fund account) or in your monthly pension check (if you are a retiree or a surviving spouse who has received a total distribution from the Annuity Savings Fund) in an effort to recover certain excess interest that was credited to your Annuity Savings Fund account during this 10-year period. More information on these adjustments is set forth below under the heading "GRS Annuity Savings Fund Recoupment."

#### GRS Pension Reductions & the GRS Adjusted Pension Amount

1. **If you are a current retiree or a surviving beneficiary who currently receives a monthly pension**, then as soon as practical but no later than [90] days following the effective date of the Plan, your monthly pension will be reduced by ~~264.5-3429~~% depending on whether all of the Outside Funding is available. ~~The size of that reduction will depend upon whether you also participated in and you will be subject to~~ the Annuity Savings Fund ~~between 2003 and 2013~~ Recoupment described on pages 13-18 below. The reduction in total GRS liabilities represented by the Annuity Savings Fund Recoupment is estimated to be a 7% reduction; your individual percentage reduction could be more or less. If you participated in and received a distribution from the Annuity Savings Fund between July 1, 2003 and June 30, 2013, the reduction in your monthly pension will be greater than if you had not participated at all. In addition, you will not receive any future COLAs to your pension payments. For GRS, these COLAs represent about ~~1314.5~~% of total GRS liabilities. Over time, the loss of COLAs will affect younger retirees (or active employees with a vested pension benefit) more than it will affect older retirees ~~since~~ because younger people can generally expect to receive more years of annual COLAs.

2. **If you are a former employee who voluntarily or involuntarily terminated employment with the City but earned a vested pension before separation**, the monthly pension amount that you will be paid upon your future retirement will be reduced by ~~264.5-3429~~% ~~below the pension amount you had earned at the time of your termination~~ depending on whether all of the Outside Funding is available. ~~The size of that reduction will depend upon whether you also participated in and you will be subject to~~ the Annuity Savings Fund ~~between 2003 and 2013~~ recoupment described on pages 13-18 below. The reduction in GRS liabilities represented by the Annuity Savings Fund Recoupment is estimated to be a 7% reduction; your individual percentage reduction could be more or less. If you participated in and received a distribution from the Annuity Savings Fund between July 1, 2003 and June 30, 2013 ~~If you did participate in and receive a distribution from the Annuity Savings Fund~~

between July 1, 2003 and June 30, 2013, the reduction in your future monthly pension will be greater than if you had not participated at all. In addition, you will not receive any future COLAs to your pension payments. For GRS, COLAs represent about ~~13~~14.5% of total GRS liabilities. Over time, the loss of COLAs will affect younger terminated employees with vested benefits more than it will affect older retirees, ~~since~~ because younger people generally can expect to receive more years of annual COLAs.

3. **If you are an active employee who has earned a monthly pension to be paid upon your future retirement**, you will continue to grow your pension under the current pension formula through June 30, 2014. At that point, your pension benefits will be frozen (meaning that you will not earn any more benefits under the current pension plan formula), and you will not be able to earn any additional pension amounts under the current GRS pension formula. If the Plan is approved, your frozen monthly pension amount will be reduced by ~~26~~4.5-34~~29~~% depending on whether all of the Outside Funding is available and you will be subject to the Annuity Savings Fund Recoupment described on pages 13-18 below. The reduction in GRS liabilities represented by the Annuity Savings Fund Recoupment is estimated to be a 7% reduction; your individual percentage reduction could be more or less. You will be able to receive your reduced frozen pension payment upon attaining a sufficient number of years of service as provided for under the current pension formula. As noted above, your reduced pension amount is called your "GRS Adjusted Pension Amount." In addition, you will not receive any future COLAs to your pension payments. For GRS, COLAs represent about ~~13~~14.5% of total GRS liabilities. Over time, the loss of COLAs will affect younger retirees (or active employees with vested pension benefits) more than it will affect older retirees ~~since~~ because younger people generally can expect to receive more years of annual COLAs.

In addition, if you participate in the Annuity Savings Fund and continue to maintain an Annuity Savings Fund account, your Annuity Savings Fund account will be reduced by an amount equal to a portion of the excess investment earnings that were credited to that account during the years 2003 through 2013. If you are an active employee who participated in the Annuity Savings Account and already received a total distribution from the Annuity Savings Fund, then the reduction in your frozen monthly pension amount upon your future retirement will be greater than if you had not participated. More information on Annuity Savings Fund ~~recoupment~~Recoupment is described on pages 13-~~17~~18 below.

4. **If you are an active employee and you continue to work for the City after July 1, 2014**, you will earn a new monthly pension under the New GRS

Active Pension Plan that will be paid at retirement along with your GRS Adjusted Pension Amount. The monthly pension amount that you earn after July 1, 2014 is called your "**New Accrued Pension.**" The pension formula for years of service after July 1, 2014 will be less generous than the formula that currently applies to your pension.

#### GRS Pension Funding

5. **In the event that all of the Outside Funding is made available (a portion of which will be made available to GRS) and that Classes 10 and 11 both have accepted the Plan,** during the period from July 1, 2014 through June 30, 2023, contributions in the approximate amount of  ~~\${ }~~  million will be made to GRS. Other than the Income Stabilization funds discussed below, these are the only amounts that will be contributed to GRS during this period. These contributions will be paid only from accelerated contributions from the Detroit Water & Sewer Department and from the Outside Funding. If the Outside Funding is not paid as required by the Plan, it is not contemplated that the City would make up these amounts.

6. Beginning on and after July 1, 2023, the City will be responsible for contributing all amounts necessary to enable GRS to pay your GRS Adjusted Pension Amount (and your New Accrued Pension, if you are an active employee). The City will make the necessary contributions from its available cash;  ~~and from additional funds—up to—~~ approximately  ~~\${ }~~  million  ~~—from the Outside Funding during the ten year period from July 1, 2023 through June 30, 2033.~~

#### GRS Pension Restoration

7. The pension benefits reductions that are discussed in Paragraphs 1, 2 and 3 above may be restored, in whole or in part, if the funding level<sup>24</sup> of GRS significantly improves. This restoration may occur if (a) the investment returns on GRS assets are greater than certain specified thresholds or (b) other actuarially-determined factors contribute to improve the funding level of GRS.  ~~In other words, if GRS pension funding levels improve, your GRS Adjusted Pension Amount may be increased, and some or all your future COLA payments could be restored. Any pension restoration will first be used to increase the GRS Adjusted~~

<sup>24</sup> "Funding level" means the market value of GRS' assets as a percentage of GRS' liabilities to all participants for GRS Adjusted Pension Amounts projected forward to 2023 and later. For example, if (a) the market value of GRS' assets were \$100 and (b) the amount of its liabilities to all participants for GRS Adjusted Pension Amounts were also \$100, the "funding level" for GRS would be 100%. If, however, (a) the market value of GRS' assets were \$80 and (b) the amount of its liabilities were \$100, the "funding level" for GRS would be 80%.

~~Pension Amount to existing retirees; additional pension restoration will be used to increase the GRS Adjusted Pension Amount to terminated vested employees and active employees. Any additional pension restoration beyond increasing the GRS Adjusted Pension Amount will then be used to provide a COLA. The precise amount of the restoration within these categories will be determined by the GRS trustees, and at least a majority of such trustees will be independent. Under the Plan, the GRS trustees may not increase your GRS Adjusted Pension Amount if it causes GRS to fall below an 80% funding level determined as of June 30, 2023. On or after June 30, 2023, the City and the applicable unions representing GRS employees, with the consent of the GRS trustees, may restore any pension cuts and increase the GRS Adjusted Pension Amount without regard to the 80% funding level to the extent it is prudent to do so and such increase is legally permitted.~~

The GRS will establish a "restoration fund reserve account" within the pension system. Each year, the GRS actuary will perform a projection of the funded status of the GRS. If approved by the trustees of the GRS (or of any successor trust or pension plan), restoration payments may be made in any given year, through 2043, if (a) the GRS trustees have complied with certain requirements describe in the State Contribution Agreement, (b) the actuarial projection for that year demonstrates that the funding ratio exceeds 75%, (c) there are sufficient assets in the restoration fund reserve account to make a restoration payments and (d) the GRS funding level is at least 70%. In other words, if GRS pension funding levels improve (and other criteria are met), your GRS Adjusted Pension Amount may be increased, and some or all your future COLA payments could be restored.

**Restoration of benefits, particularly until 2023, cannot be assured. After 2023, restoration of certain benefits may be possible, but it cannot be predicted at this time whether or when any restoration will occur.**

#### GRS Annuity Savings Fund Recoupment

8. *What is the Annuity Savings Fund?* The Annuity Savings Fund ("ASF") is a voluntary, individual account pension program that operates within the GRS pension plan. If an employee chooses to participate in the ASF, a pension account is established for the employee, and he or she may voluntarily contribute 3%, 5% or 7% of gross pay, on ~~a pre~~an after-tax basis, to that account. The GRS trustees invest these contributions with other GRS assets. The GRS trustees are granted discretion to determine the annual interest to be credited on the employee contributions to the ASF accounts, and each employee's ASF account increases in value based upon the interest amounts that the GRS trustees credit to the ASF accounts. After 25 years of service, an active employee may elect to withdraw

from his or her ASF account some or all of the accumulated contributions plus the investment earnings credited to that individual account. ~~Also, upon~~ An active employee may borrow up to 50% of his or her ASF account. Upon retirement, an employee may elect to receive a lump sum distribution, or to annuitize some of his or her ASF account balance, which is added to his or her monthly pension payment and is separately identified on a retiree's pension check. Any portion of the ASF balance that is not annuitized upon retirement is paid ~~over~~ to the retiree in a partial or total lump sum distribution at the retiree's request.

*"Excess Interest" to be Recovered.* During the period from 2003 through 2013, the GRS trustees credited to employee ASF accounts annual interest of no less than 7.9%, and in some years more than 7.9%, based upon actuarial computations. The ASF accounts essentially were treated as a guaranteed investment program, where, each year, ASF account holders would receive a return of at least 7.9%, regardless of the actual market investment returns on the assets in GRS. For example, in fiscal year 2009, the value of the assets that supported the Annuity Savings Fund accounts actually lost 19.67% percent of their value, but the GRS trustees credited the ASF account with 7.9% in interest. So, even though an ASF account holder who might have had \$10,000 in his or her ASF account in 2009 actually lost 19.67% in market value and should have had only a balance of \$8,033 in his or her account, instead his or her account was credited as having ~~the full~~ \$10,790.

The City believes that, as a result of these practices, there was too much, or "excess," interest credited to the ASF accounts, and that assets were diverted from the money available to fund GRS participants' monthly defined benefit pensions. The City estimates that, using actual market returns between 0% and 7.9% for crediting purposes,<sup>35</sup> **over \$387 million of excess interest was credited to the ASF accounts collectively during the period from July 1, 2003 through June 30, 2013.** It is the City's belief that the \$387 million represents money that was diverted from the general GRS asset pool and that should have been used to fund all GRS participants' monthly defined benefit pensions.

In designing the Plan, the City addressed the following question: (i) should the Plan contain higher across-the-board pension cuts for all GRS participants and not try to recover a portion of the excess ASF interest credits, or (ii) should it recover a portion of the excess ASF interest credits, which would result in lower across-the-board pension cuts for all GRS participants? The City decided on the second choice and, therefore, there will be both across-the-board pension cuts and

<sup>35</sup> This range is consistent with the range approved by a City Council ordinance in 2011.

a recovery of excess ASF interest credits. **As a result, the across-the-board cuts will be lower.**

Specifically, as part of the Plan, some, but not all, of these "excess" amounts related to the over-crediting of interest to ASF account will be recovered by (i) offsetting current ASF accounts of active or terminated employees and/or (ii) reducing monthly pension checks of current or future retirees. Persons participating in the ASF during the period from July 1, 2003 through June 30, 2013 will be affected. This recovery will be in addition to the other reductions to your accrued pension described in this ~~Statement~~Notice.

There will be a cap on what is recovered. Specifically, (a) for an active or former employee that still maintains an Annuity Savings Fund account and has not received any distributions from the Annuity Savings Fund, the recovery will be limited to 20% of the value of such participant's Annuity Savings Fund balance as of June 30, 2013 (including any unpaid loans taken by the participant from his or her ASF account); (b) for an active or former employee that still maintains an Annuity Savings Fund account and has received any distribution from the Annuity Savings Fund other than a total distribution, the recovery will be limited to 20% of the sum of (i) the value of such participant's Annuity Savings Fund account as of June 30, 2013 and (ii) all distributions received by such participant from the Annuity Savings Fund during the period from July 1, 2003 through June 30, 2013; and (c) for a retiree or current or former employee who has already taken a total distribution from the ASF, the recovery will be limited to 20% of the amount of your distribution received from the Annuity Savings Fund (including, in each case, any unpaid loans taken by the participant from his or her ASF account).

Under the Plan, the recovery – called "**recoupment**" in the Plan – will work as follows using the 20% cap:

a. Active or Terminated Employee Recoupment. For each active employee, or terminated employee, who continues to maintain an ASF account in GRS, the City will recalculate that employee's ASF account value by applying the "Actual Return." The "**Actual Return**" means the actual net return percentage on invested GRS assets for each year from July 1, 2003 through June 30, 2013 unless the return is greater than 7.9% (in which case 7.9% will be used) or less than 0% (in which case 0% will be used). The difference between the value of your re-calculated ASF account using the Actual Return and the actual value of your ASF account as of June 30, 2013 is your "**Annuity Savings Fund Excess Amount.**" ~~You:~~For an active or terminated employee who has received any distribution from the Annuity Savings Fund other than a total distribution, the

difference between (i) the sum of (A) the value of such participant's Annuity Savings Fund account as of June 30, 2013 and (B) all distributions received by such participant from the Annuity Savings Fund during the period beginning July 1, 2003 and ending June 30, 2013 and (ii) the value of your Annuity Savings Fund account as of June 30, 2013 calculated using the Actual Return will be your Annuity Savings Fund Excess Amount.

Your Annuity Savings Fund Excess Amount, subject to the 20% cap described above, will then be deducted from your ASF account and irrevocably contributed to the pool of all GRS assets. The pool of all GRS assets can be used to fund all GRS participants' ~~pensions~~ Adjusted Pensions. For those who took partial distributions, some of the recovery may also be deducted from your future pension checks. Your Class 11 GRS Ballot will show your Annuity Savings Fund Excess Amount as calculated by the City. **Even with the recovered amount, your Annuity Savings Fund account value after recoupment will be greater than the amounts you actually contributed into the Annuity Savings Fund and will reflect all interest credited by the GRS trustees to your Annuity Savings Fund account for the plan years prior to June 30, 2003.**

b. Recoupment from Persons who Previously Took Total Annuity Savings Fund Account Distributions. For each GRS participant who participated in the Annuity Savings Fund ("ASF") at any time during the period from July 1, 2003 through June 30, 2013, but who has already received a total distribution from the ASF, the City will re-calculate that participant's ASF account value by applying the "Actual Return." "**Actual Return**" means the actual net return percentage on invested GRS assets for each year from July 1, 2003 through June 30, ~~2014~~ 2013 unless the return is greater than 7.9% (in which case 7.9% will be used) or less than 0% (in which case 0% will be used). ~~The difference between the value of your recalculated ASF account using the Actual Return and the actual value of your ASF account as of June 30, 2013 is your~~ Your "Annuity Savings Fund Excess Amount." shall be the difference between (i) the value of your ASF account as of the date of distribution from the Annuity Savings Fund, provided such date falls between July 1, 2003 and June 30, 2013, and (ii) the value your ASF account as of such date, using the Actual Return. Your Annuity Savings Fund Excess Amount will be capped at 20% of your distribution received from the Annuity Savings Fund and will then be converted into ~~annual and~~ monthly annuity amounts based on your life expectancy and other factors. The monthly Annuity Savings Fund Excess Amount will be deducted from your monthly pension check. Your Class 11 GRS Ballot will show (i) the Annuity Savings Fund Excess Amount

and (ii) the monthly amount that will be deducted from your monthly GRS pension payments.

Example 1: Jeffrey Gray is age 70. He currently receives a \$30,000 GRS pension, plus he is entitled to an annual 2.00% increase (COLA) in his \$30,000 pension each July 1. He also participated in the ASF program, and on January 1, 2010 he took a \$100,000 distribution of his ASF account. The value of his Annuity Savings Fund Excess Amount is \$25,000, ~~and when the \$25,000~~ but will be capped at \$20,000 (or 20% of Gray's ASF distribution). When the \$20,000 is converted into a monthly annuity for life, it is equivalent to a ~~\$1,500~~ 2,271 annual pension.

If Classes 10 and 11 approve the Plan, Jeffrey Gray's pension will be reduced to ~~+\$~~ 26,379. This represents a ~~\$~~ 3,621 reduction in his pension. Of the ~~+\$~~ 3,621, ~~\$1,500~~ 2,271 is attributable to the Annuity Savings Fund Excess Amount, and ~~the remainder~~ \$1,350 is attributable to the 4.5% across-the-board pension reduction. Gray will begin to receive ~~\$~~ 26,379 per year, and it will not be increased annually. He will receive ~~\$~~ 26,379 annually for life (unless some of his pension cuts are restored, as in example 3 below, in which case his annual pension will increase).

But if Classes 10 and 11 do not approve the Plan, Gray will begin to receive ~~\$~~ 19,029 per year, and it will not be increased annually. He will receive ~~\$~~ 19,029 annually for life (unless some of his pension cuts are restored, as in example 3 below, in which case his annual pension will increase).

Example 2: Robert Green is age 42 and an active employee. As of ~~July~~ June 30, 2014, he will have earned – based on his then salary and years of service – a \$30,000 annual pension. He also will have earned a right to a 2.00% annual increase (COLA) in that \$30,000 pension each year following retirement. Green also has participated for the last 10 years in the ASF, and his account has a value of \$100,000. The value of his Annuity Savings Fund Excess Amount is \$25,000, but applying the 20% cap will bring that amount down to \$20,000. Green works for another 10 years, and retires on July 1,

2024. Under the New GRS Accrued Pension, he earns a \$7,500 pension for life.

If Classes 10 and 11 approve the Plan, Green's \$30,000 frozen accrued pension is reduced to \$~~28,650~~, and he loses the right to the 2.00% COLA. In addition, his ASF account will be reduced in value from \$100,000 to \$~~75,000~~80,000. When he retires in 10 years, Johnson will receive the following: (i) the then value of his ASF account; (ii) an annual \$~~28,650~~ pension under the old formula (or more, if his pension cuts are restored, as in example 3 below); plus (iii) an annual \$7,500 pension under the GRS New Accrued Pension, for a total annual pension for life of \$~~36,150~~. The pension amount will not be increased annually.

But if Classes 10 and 11 do not approve the Plan, Green will receive at retirement \$~~28,800~~ per year at retirement (\$~~21,300~~ + \$7,500), and it will not be increased annually. He will receive \$~~33,300~~28,800 annually for life (unless some of his pension cuts are restored, as in example 3 below, in which case his annual pension will increase).

Example 3: Jill Blue, age 60, has her current \$30,000 annual pension reduced to \$~~26,864~~ per year. Jill Blue also had previously received a distribution from her ASF account of \$100,000, and \$25,000 of that sum constituted Annuity Savings Fund Excess Amount, but applying the 20% cap will bring that amount down to \$20,000. Of the \$~~3,136~~ reduction in Blue's pension, \$~~1,786~~ is attributable to the annuity value of her \$~~25,000~~20,000 Annuity Savings Fund Excess Amount. The remainder of the reduction, \$~~1,350~~, is attributable to the ~~4.5~~% across-the-board pension cuts. In 2018, the GRS actuaries conclude that, because of strong investment performance, the projected funding level of GRS in 2023 will be 85%, and that \$200 million in current GRS assets are available to restore some of the cuts that took place in 2014. The GRS trustees, based on the advice of the GRS actuaries, determine that the \$200 million will fund 30% of the across-the-board pension cut that was taken away. 30% of \$~~1,350~~ is \$~~405~~. Beginning July

1, 2018, Jill Blue will have \$~~\_\_\_\_\_~~405 of her pension restored and will receive \$~~\_\_\_\_\_~~27,269 for life.

### **Fund for Income Stabilization**

The ~~trusts~~trust agreements of each of GRS and PFRS will be amended to provide a supplemental pension income stabilization benefit ("**Income Stabilization Benefit**") to each ~~Qualified~~Eligible Pensioner (defined below) equivalent to the lesser of (a) the amount needed to restore 100% of the individual's reduced pension payment to the amount of the pension payment that the ~~Qualified~~Eligible Pensioner received in actual dollars in 2013; or (b) the amount needed to bring the total household income of the ~~Qualified~~Eligible Pensioner up to 130% of the Federal Poverty Level in the year in which the pension is received. ~~Income Stabilization Benefits will be payable over the 20-year period following the confirmation date of the Plan. If any funds remain in the GRS Income Stabilization Fund at the end of the 20-year period or, if earlier, the date upon which no Qualified Pensioners under the respective system are living, any remaining funds will be used to fund that system's adjusted pension benefits. The City will contribute a total of \$5 million per year for 10 years for these purposes.~~

The GRS Income Stabilization Benefits will be paid from the Income Stabilization Fund of GRS. The Income Stabilization Fund of GRS will be funded with certain proceeds of a settlement with certain bond creditors, up to an aggregate amount of \$20 million to be divided between the Income Stabilization Fund of GRS and the Income Stabilization Fund of PFRS.

In the event that, in 2022 (provided that the State has not issued a certificate of default with respect to GRS at any time prior to 2022), it is the opinion of at least 75% of the independent members of the board of trustees of GRS that the Income Stabilization Fund of GRS has more assets than it needs to provide Income Stabilization Benefits, the GRS board of trustees may, in its sole discretion, permit the excess assets, in an amount not to exceed \$35 million in the aggregate between both GRS and PFRS, to be used to fund the Adjusted Pension Amounts payable by GRS. In the event that any funds remain in the Income Stabilization Fund of GRS on the date upon which no Eligible Pensioners under GRS remain, such funds shall be used to fund the Adjusted Pension Amounts payable by GRS.

**"~~Qualified~~Eligible Pensioners"** are those retirees or surviving spouses who ~~are~~hold a Pension Claim and who are eligible to receive Income Stabilization

Benefits because such Holder (a) is, as of the effective date of the Plan, at least 60 years of age ~~at the time of the Plan confirmation or those~~ a minor ~~children~~ child receiving survivor benefits from GRS ~~at the time of Plan confirmation, whose pension benefit from GRS will be reduced under the Plan, and who have total~~ and (b) has an aggregate annual household income equal to or less than 140% of the Federal Poverty ~~Line~~ Level in 2013 (per their (or in the case of minor children, their legal guardian's) 2013 income tax returns or equivalent documentation). No new persons will be eligible to receive Income Stabilization Benefits at any time in the future, and any minor child receiving survivor benefits shall cease to be an Eligible Pensioner after he or she turns 18 years of age.

## ***PLAN RELEASES***

**If the Plan is confirmed, it will be binding on you. You will have no right to demand that the City pay you the full original amounts it owed for your pension. You will only have the right to your reduced pension benefits under the Plan.**

### Comprehensive State Release

In addition to protection from further claims against the City that is a standard part of any plan of adjustment, the Plan also proposes to grant to the State of Michigan, its officials and certain other related parties a comprehensive release of any obligation they might have with respect to your pension claim and other claims against the City.<sup>46</sup> This is called the "**Comprehensive State Release.**" The Bankruptcy Court will have to approve this Comprehensive State Release, and it may not do so. If the Comprehensive State Release is approved, **you will not be allowed to sue the State, the City or any State entities to restore pension cuts** ~~benefits~~ **or argue that the City did not have the power to reduce pensions, even if you vote to reject the Plan.**

**If the Bankruptcy Court does not approve the Comprehensive State Release, the State does not have to contribute its \$350 million State Contribution to the Pension Funds.** If the State's money is not contributed, then none of the other sources of Outside Funding will make their payments, either. In that case, none of the \$816 million in contributions will be made to the pension plans, and your pension benefit cuts will be at the higher levels set forth in the chart on page 7 (~~COLA + 34% for GRS~~ 29% reduction + elimination of COLA + Annuity Savings Fund Recoupment).

### Release by Claim Holders Accepting the Plan

The Plan also provides for an "**Accepting Holders Release.**" The Accepting Holders Release would be granted by individual creditors by their accepting the Plan. This means that if you individually vote to accept the Plan, you will be personally releasing the City and its related entities, the State and its related entities, the Retiree Committee, the members of the Retiree Committee, the Retiree

<sup>46</sup> Specifically, this release would release all claims and liabilities arising from or related to the City, the chapter 9 case (including the authorization given to file the chapter 9 case), the Plan and exhibits thereto, the Disclosure Statement, PA 436 and its predecessor or replacement statutes, and Article IX, § 24 of the Michigan Constitution.

Committee professionals, the foundations and other organizations who are providing Outside Funding and their related entities **except for** such parties' gross negligence or willful misconduct.

**In other words, if you vote to accept the Plan, you will not be allowed to sue the State, the City or any State entities to restore pension ~~-cuts~~ benefits or argue that the City did not have the power to reduce pensions.**

<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 7:32:39 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CLI/CLI/2202933/1	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CLI/CLI/2202933/7	
<b>Changes:</b>	
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<del>Delete</del>	133
<del>Move From</del>	2
<u>Move To</u>	2
<u>Table Insert</u>	2
<del>Table Delete</del>	4
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	306

**Exhibit 7E**

Redline of OPEB Plain Language Insert

**Exhibit 6C.3**

Plain Language Insert – Class 12 OPEB Claims

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

-----X--  
- :  
In re : Chapter 9  
: Case No. 13-53846  
CITY OF DETROIT, MICHIGAN, :  
: Hon. Steven W. Rhodes  
Debtor. :  
X  
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**NOTICE REGARDING PROPOSED CHANGES TO  
POST-EMPLOYMENT HEALTHCARE BENEFITS  
IN THE CITY'S PLAN OF ADJUSTMENT**

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**Introduction**

This Notice gives retirees or surviving beneficiaries who are currently receiving non-pension post-employment healthcare and other welfare benefits from the City of Detroit a short summary as to how the City's proposed plan of adjustment (the "**Plan**") and the restructuring described in the Plan will affect your future retiree health and death benefits.

This Notice provides you with:

- background information about the process for approval of the Plan by the Bankruptcy Court, and
- details about how the proposed Plan will impact your benefits.

**IF APPROVED BY THE BANKRUPTCY COURT, THE CITY'S PLAN OF ADJUSTMENT WILL REDUCE YOUR RETIREE HEALTH AND RETIREE DEATH BENEFITS. YOU CAN VOTE FOR OR AGAINST THE PLAN, BUT YOU CANNOT AVOID A REDUCTION IN YOUR RETIREE HEALTH BENEFITS OR RETIREE DEATH BENEFITS BY REFUSING TO VOTE ON THE PLAN.**

**YOUR VOTE MATTERS.**

**PLEASE READ THIS ENTIRE NOTICE CAREFULLY. DETAILS OF HOW TO OBTAIN ADDITIONAL INFORMATION REGARDING THE CONTENTS OF THIS NOTICE ARE PROVIDED BELOW.**

***BACKGROUND REGARDING ~~DETROIT'S~~  
DETROIT'S RETIREE ~~HEALTH & LIFE INSURANCE~~HEALTHCARE  
OBLIGATIONS***

The City provides to its retirees, and their spouses and dependents, health insurance (including dental and vision benefits) and retiree death benefits – these are known in the Plan as "**OPEB**" (Other Post-Employment Benefits). These healthcare, dental and vision benefits are completely unfunded. This means the City has not set aside money to pay these benefits. In the case of death benefits, the City provides a lump sum benefit upon the death of an employee and certain retirees who make voluntary contributions to fund this benefit. The City has established a trust account into which contributions made by retirees, employees and the City have been deposited. This account has enough money to provide approximately 96% of the expected death benefits. Therefore, this account is also underfunded.

Historically, the City has paid the cost of annual retiree health, dental and vision insurance benefits or stipends on a "pay-as-you-go" basis from its General Fund. The cost to provide retiree health, dental and vision insurance to retirees during the course of their retirement and the underfunding associated with the death benefit trust account are also debts of the City. Those debts also create a claim in the bankruptcy. This is called the "**OPEB Claim**" in the Plan. The City proposes to turn over the responsibility of providing OPEB benefits to ~~a new~~ ~~entity~~entities in

| the Plan and to contribute to ~~that~~those new ~~entity~~entities only a fixed sum for future retiree health, dental and vision benefits rather than the full cost of those benefits.

**If, as of March 1, 2014, you were a retiree, or surviving beneficiary of a retiree, and you are receiving, or entitled to receive, health insurance (including dental and vision benefits) and/or you are covered by the death benefit program so that your survivors are eligible for death benefits from the City, you have an OPEB Claim in the bankruptcy. Active employees do not have an OPEB Claim. As a holder of an OPEB Claim as of March 1, 2014, you have a right to vote on how the City proposes to reduce and restructure your retiree health and retiree death benefits and the other terms of the Plan.**

## **BACKGROUND REGARDING DETROIT'S PLAN FOR THE ADJUSTMENT OF ITS DEBTS**

### **The Plan and Disclosure Statement**

On ~~March 31~~[April 16](#), 2014, the City of Detroit filed the Plan. The Plan is a legal document that contains the terms of the City's proposed restructuring. Among other things, the Plan proposes to restructure OPEB benefits.

Along with the Plan, the City also filed a document called the "[Second](#) Amended Disclosure Statement with Respect to [Second](#) Amended Plan for the Adjustment of Debts of the City of Detroit." That document is referred to as the "**Disclosure Statement.**" The Disclosure Statement provides more detailed information on various aspects of the proposed Plan and the City's bankruptcy case including, among other things:

- the circumstances leading up to the City filing for bankruptcy;
- key events during the bankruptcy case;
- a description of how the Plan will restructure the City's debts for different types of creditors, including retirees and active or former City employees, by reducing or changing the amounts it will pay and the timing and terms of repayment;
- how the City proposes to implement the Plan;
- the legal effects of approval of the Plan by the Bankruptcy Court;
- instructions regarding voting on the Plan; and
- risk factors associated with the Plan.

### **Classification of OPEB Claims in the Plan**

**Under the Plan, claims against the City are divided into different classes. Claims related to retiree healthcare and death benefits – OPEB Claims – are in Class 12.**

***OPEB (Retiree Health (Including Vision and Dental) and Death Benefits)***

**If you are a retiree or a surviving beneficiary and are receiving retiree health benefits, or are entitled to retiree death benefits from the City, you are a holder of what the Plan calls an "OPEB Claim," and it is included in Class 12 of the Plan.** As a holder of an OPEB Claim, you are entitled to vote on the Plan. The City generally requires that, to be eligible for retiree health benefits, a retiree must be receiving monthly pension payments from GRS or PFRS. Therefore, most people who hold an OPEB Claim also hold either a GRS pension claim in Class 11 or a PFRS pension claim in Class 10.

The estimated amount of all OPEB Claims for purposes of voting on the Plan is \$~~\_\_\_\_\_~~3,334,400,000. This amount represents the estimated present value of the cost of the City's future obligations, as of June 30, 2013, for the City to continue to provide retiree health benefits (including dental and vision) and death benefits into the future under the programs that were in effect at the time the City filed its chapter 9 petition. If you are the holder of an OPEB Claim, the estimated value of your OPEB Claim is equal to your share of this \$~~\_\_\_\_\_~~3,334,400,000 and is stated on the Ballot that you received with this Notice. Your share is calculated based in part on your age and life expectancy, and also on the projected cost of future health care. The claim amount stated on your Ballot is the estimated amount of your OPEB Claim **only for purposes of voting** on the Plan. It is not the value of your OPEB benefits, and it is not a promise by the City to pay that amount under the Plan.

**If you have both a Pension Claim and an OPEB Claim, you will get a separate Ballot for each claim. You will also get a different Notice in addition to this Notice.**

## **The Solicitation Package and Voting**

On [\_\_\_\_], 2014, the Bankruptcy Court authorized the City to distribute the Plan and Disclosure Statement to its creditors and to solicit their votes to accept or reject the Plan. The Bankruptcy Court also authorized the City to send a paper copy of this Notice to you and others who receive pensions or retiree health or death benefits. This Notice and the other documents are intended to provide you with information on how the terms of the Plan will affect your benefits in the future. The accompanying Ballot is intended to allow you to cast your vote to accept or reject the Plan.

Your vote for or against the Plan will be counted and reported to the Bankruptcy Court and included in (i) the total number of votes cast for or against the Plan in your class and (ii) the total amount of claims voting either for or against the Plan. **Your vote matters. You cannot avoid a modification in your OPEB benefits by refusing to vote.**

If you would like to receive a paper copy of the Plan and the Disclosure Statement, you may obtain one, free of charge, by:

- calling the City's toll-free restructuring hotline at (877) 298-6236;
- visiting the City's restructuring website at [www.kccllc.net/detroit](http://www.kccllc.net/detroit); or
- writing to the City's claims and noticing agent at the following address:

City of Detroit c/o Kurtzman Carson Consultants LLC  
2335 Alaska Avenue  
El Segundo, CA 90245

The package containing this Notice should also contain the following materials:

1. A cover letter describing: (a) the materials you received along with this Notice; (b) the contents of the enclosed CD-ROM and instructions with respect to its use; and (c) information about how to obtain, at no charge, paper copies of any materials provided on the CD-ROM.
2. A paper copy of the notice of the hearing before the Bankruptcy Court to consider whether to confirm – i.e., approve – the City's Plan (the "**Confirmation Hearing Notice**").

3. A CD-ROM containing the Plan and Disclosure Statement and exhibits to them that have been filed as of the date of this mailing (all of which are also available at no charge via the internet at <http://www.kccllc.net/detroit>).
4. A letter from the City recommending that you vote to accept the Plan.
- ~~5. Letters from PERS and/or GRS [and other letters recommending that you vote to accept or reject the Plan.]~~
5. A letter from the Retired Detroit Police and Fire Fighters Association and possibly other parties.
6. A Ballot for your OPEB Claim with instructions on how to complete the Ballot and a Ballot return envelope. Your Ballot also contains information necessary for you to either accept or reject the Plan and its proposed treatment of your OPEB Claim in Class 12. **Please read the instructions, and complete and return the Ballot early enough so that it will be actually received by the Claims Agent in California by no later than June 30, 2014.**

***HOW THE PLAN TO ADJUST DETROIT'S DEBTS  
AFFECTS YOUR FUTURE OPEB (RETIREE HEALTH, DENTAL, VISION  
& DEATH BENEFITS)***

Under the Plan, the City will no longer sponsor and maintain retiree health or death benefits programs for existing retirees, surviving beneficiaries and their dependents. Instead, the City will establish ~~at two~~ voluntary ~~employee~~employees' beneficiary association ~~trust, trusts~~ (known as a "VEBA." ~~The VEBA~~) – one for PFRS-related retirees and one for GRS-related retirees. The two VEBAs will be responsible for providing retiree health ~~and other welfare~~ benefits beginning January 1, 2015 to existing retirees, surviving beneficiaries and their eligible dependents.

~~Under the Plan, the City will provide the VEBA with its share of a note to be issued to non-pension unsecured creditors. If the City does not make the payments under the note, the persons who operate and manage the VEBA will have the right to sue the City for payment. The VEBA trustees may also, in their discretion, seek to "sell" or monetize the note in the market to generate more up-front cash for the VEBA.~~

**Detroit VEBA for General City Retirees**

~~The~~Under the Plan, the City will establish the Detroit VEBA to provide health benefits to Detroit's non-police and non-fire retirees, surviving spouses and their eligible dependents. The Detroit VEBA will be ~~operated, and its assets managed, governed~~ by a board of trustees that will be responsible for, among other things, management of property held by the Detroit VEBA, administration of the Detroit VEBA and determination of the level of and distribution of benefits to Detroit VEBA beneficiaries. The board will be comprised of retiree representatives and independent professionals, and the composition of the initial board will be approved by the Bankruptcy Court. The board members will be appointed by the City, or by other entities based upon further discussion with union representatives; and the Retiree Committee ~~and State officials~~. The board will have the authority to determine who is eligible to receive retiree health ~~or other welfare~~ benefits, ~~including death benefits~~, from the VEBA, and the annual level, design and cost of such benefits.

Under the Plan, the City will provide the Detroit VEBA with its share of a note to be issued to non-pension unsecured creditors. If the City does not make the

payments under the note, the persons who operate and manage the Detroit VEBA will have the right to sue the City for payment. The Detroit VEBA trustees may also, in their discretion, seek to "sell" or monetize the note in the market to generate more up-front cash for the Detroit VEBA.

How much the Detroit VEBA trustees may spend on retiree healthcare in any particular year is unknown at this time. It is also unknown how long the money in the Detroit VEBA trust will last because that will depend upon the benefits to be provided. It is likely, however, that the amount of the note to be provided to the Detroit VEBA by the City under the Plan in satisfaction of the OPEB Claim will not be enough to provide the same level of benefits over the long term as the City began providing to retirees and surviving beneficiaries in March 2014.

Further, the value of the healthcare that may be provided to retirees by the Detroit VEBA trust or (any other trust that may be created) is subject to various factors, including but not limited to: whether or not a retiree is eligible for Medicare (generally 65 or older) or Medicaid (depending on income level and state residency); costs of future premiums, co-pays and deductibles; whether the Affordable Care Act continues in effect, and if so, in what form; and whether tax credits that currently exist to reduce healthcare costs to low-to-middle income persons continue.

If the Plan is approved by the Bankruptcy Court, regardless of your vote on the Plan, the new Detroit VEBA board of trustees will make the determination of what level and form of healthcare benefits will be provided to current retirees based on the amount of money available to the Detroit VEBA trust under the Plan and the exercise of their reasonable discretion.

### **Detroit Police and Fire VEBA**

Under the Plan, the City will establish the Detroit Police and Fire VEBA to provide health benefits to retired employees of the Detroit Police Department and the Detroit Fire Department who not do not participate in (or have the right to participate in) the GRS and their surviving beneficiaries and eligible dependents. The Detroit Police and Fire VEBA will be governed by a board of trustees that will be responsible for, among other things, management of property held by the Detroit Police and Fire VEBA, administration of the Detroit Police and Fire VEBA and determination of the level of and distribution of benefits to Detroit Police and Fire VEBA beneficiaries. The board will be comprised of retiree representatives and independent professionals, and the composition of the initial board will be

approved by the Bankruptcy Court. The board members will be appointed by the City, the Retiree Committee and the Retired Detroit Police and Fire Fighters Association. The board will have the authority to determine who is eligible to receive retiree health or other welfare benefits, including death benefits, from the VEBA, and the annual level, design and cost of such benefits.

Under the Plan, the City will provide the Detroit Police and Fire VEBA with its share of a note to be issued to non-pension unsecured creditors. If the City does not make the payments under the note, the persons who operate and manage the Detroit Police and Fire VEBA will have the right to sue the City for payment. The Detroit Police and Fire VEBA trustees may also, in their discretion, seek to "sell" or monetize the note in the market to generate more up-front cash for the Detroit Police and Fire VEBA.

How much the Detroit Police and Fire VEBA trustees may spend on retiree healthcare benefits in any particular year is unknown at this time. It is also unknown how long the money in the Detroit Police and Fire VEBA trust will last ~~since~~because that will depend upon the benefits to be provided. It is likely, however, that the amount of the note to be provided to the Detroit Police and Fire VEBA by the City under the Plan in satisfaction of the OPEB Claim will not be enough to provide the same level of benefits over the long term as the City began providing to retirees and surviving beneficiaries in March 2014.

Further, the value of the healthcare that may be provided to retirees by the Detroit Police and Fire VEBA trust ~~(or~~ (any other trust that may be created) is subject to various factors, including but not limited to: whether or not a retiree is eligible for Medicare (generally ~~those age~~ 65 or older) or Medicaid (depending on income level and state residency); costs of future premiums, co-pays and deductibles; whether the Affordable Care Act continues in effect, and if so, in what form; and whether tax credits that currently exist to reduce healthcare costs to low-to-middle income persons continue.

If the Plan is approved by the Bankruptcy Court, regardless of your vote on the Plan, the new Detroit Police and Fire VEBA board of trustees will make the determination of what level and form of healthcare benefits will be provided to current retirees based on the amount of money available to the Detroit Police and Fire VEBA trust under the Plan and the exercise of their reasonable discretion.

### Death Benefits

The City provides the death benefit program through a separate trust fund. The death benefit trust fund will not be merged into or operated by ~~the~~[either the Detroit VEBA or the Detroit Police and Fire](#) VEBA. Instead, the City will no longer have responsibility to contribute money into the existing death benefit trust fund. The trustees of the death benefit trust will continue to manage the trust assets and employ the staff of the Retirement Systems to administer the timely disbursement of benefits. The costs of administration will be borne by the assets of the trust.

Active employees as of March 1, 2014 do not have an OPEB Claim. Future OPEB benefits, if any, for active employees will be subject to the terms of future contracts between the City and its active employees.

## ***PLAN RELEASES***

**If the Plan is confirmed, it will be binding on you. You will have no right to demand that the City pay you the full original amounts it owed for your OPEB benefits. You will only have the right to your modified OPEB benefits under the Plan.**

### Comprehensive State Release

In addition to protection from further claims against the City that is a standard part of any plan of adjustment, the Plan also proposes to grant to the State of Michigan, its officials and certain other related parties a comprehensive release of any obligation they might have with respect to your pension claim and other claims against the City.<sup>1</sup> This is called the "**Comprehensive State Release.**" The Bankruptcy Court will have to approve this Comprehensive State Release, and it may not do so. If the Comprehensive State Release is approved, **you will not be allowed to sue the State, the City or any State entities to restore OPEB benefit modifications, even if you vote to reject the Plan.**

### Release by Claim Holders Accepting the Plan

The Plan also provides for an "**Accepting Holders Release.**" The Accepting Holders Release would be granted by individual creditors by their accepting the Plan. This means that if you individually vote to accept the Plan, you will be personally releasing the City and its related entities, the State and its related entities, the Retiree Committee, the members of the Retiree Committee, the Retiree Committee professionals, the foundations and other organizations who are providing Outside Funding and their related entities **except for** such parties' gross negligence or willful misconduct.

**In other words, if you vote to accept the Plan, you will not be allowed to sue the State, the City or any State entities to restore OPEB benefit modifications.**

<sup>1</sup> Specifically, this release would release all claims and liabilities arising from or related to the City, the chapter 9 case ([including the authorization given to file the chapter 9 case](#)), the Plan and exhibits thereto, the Disclosure Statement, PA 436 and its predecessor or replacement statutes, and Article IX, § 24 of the Michigan Constitution.



<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 7:12:33 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CLI/CLI/2202934/1	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CLI/CLI/2202934/6	
<b>Changes:</b>	
<u>Add</u>	58
<del>Delete</del>	32
<del>Move From</del>	2
<u>Move To</u>	2
<u>Table Insert</u>	0
<del>Table Delete</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	94

**Exhibit 7F**

Redline of Class 10 Ballot – Active and Former Employees

**Exhibit 6D.1**

Class 10 Ballot – Active and Former Employees

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 10: PFRS Pension Claims – Active and Former Employees  
Claimant's [Name/Identifier]: [\_\_\_\_\_]   
Allowed Claim for Voting Purposes: \$[\_\_\_\_\_]

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.  
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE  
DETERMINED BY THE POLICE AND FIRE RETIREMENT  
SYSTEM AT THE TIME OF YOUR RETIREMENT. YOUR  
ACTUAL PENSION AMOUNTS MAY BE MORE OR LESS THAN  
THE ESTIMATES CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR ACTIVE OR FORMER EMPLOYEES WHO WERE NOT RECEIVING PENSION PAYMENTS FROM THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT ("PFRS") AS OF MARCH 1, 2014 (THE "PENSION RECORD DATE").

PFRS PENSION CLAIMS ARE INCLUDED IN CLASS 10 UNDER THE SECOND AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (~~MARCH 31~~ APRIL 16, 2014) (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit (~~March 31~~ April 16, 2014) (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on April [\_\_\_\_], 2014. By orders entered on March 11, 2014 and April [\_\_\_\_], 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because, as of March 1, 2014, (a) you were an active employee or former employee of the City, (b) you were not receiving pension payments and (c) you are a Holder of a PFRS Pension Claim.

Your PFRS Pension Claim has been temporarily allowed in the estimated amount of \$[\_\_\_\_\_] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

The Plan proposes two possible treatments for PFRS Pension Claims. The results of the voting on the Plan will determine whether the PFRS will receive money from proposed settlements with third-party foundation funders, the Detroit Institute of Arts and the State of Michigan (the "Outside Funding"). The Outside Funding also depends, in part, on Bankruptcy Court approval of the settlements and the fulfillment by the outside funders of their respective commitments.—

**You cannot avoid a reduction of your pension benefits by refusing to vote. If the Plan is confirmed, your pension will be reduced.**

**RELEASES: If you vote to accept the Plan, you will be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension. If Classes 10 and 11 vote to accept the Plan so that the State funding will be made, you will not have any right to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension.**

**ALTERNATIVE A: If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan** and the Court approves the Plan, the Outside Funding will be contributed to PFRS. Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the simple calculation set forth on Annex I to this Ballot to determine the annual amount of your total retirement allowance. Enter the result here: \_\_\_\_\_

Line 2: ~~Multiply~~Divide the amount from Line ~~1~~2 by ~~0.94~~12 and enter the result here: \_\_\_\_\_

~~Line 3: Divide the amount from Line 2 by 12 and enter the result here:~~ \_\_\_\_\_

The amount you entered in Line ~~3~~2 is your estimated initial future monthly pension payment (the "Initial Monthly Pension").

Your Initial Monthly Pension will increase by a 1.0125% escalator each year following your retirement.

The amount of the PFRS liabilities that is represented by the hard freeze of PFRS as of June 30, 2013 is [\$\_\_\_\_\_], or \_\_\_\_% of the total PFRS liabilities.

\*\*\*

**ALTERNATIVE B: If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to PFRS.** Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the simple calculation set forth on Annex I to this Ballot to determine the annual amount of your total retirement allowance. Enter the result here: \_\_\_\_\_

~~Line 2: Multiply the amount from Line 1 by 0.86 and enter the result here:~~ \_\_\_\_\_

Line ~~3~~2: Divide the amount from Line ~~2~~1 by 12 and enter the result here: \_\_\_\_\_

The amount you entered in Line ~~3~~2 is your estimated future monthly pension payment.

The amount of the PFRS liabilities that is represented by the hard freeze of PFRS as of June 30, 2013 is [\$\_\_\_\_\_], or \_\_\_\_% of the total PFRS liabilities.

\*\*\*

In addition, if you vote for the Plan **and** the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to ~~apply to the State to obtain~~receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to PFRS.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

### **THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 10 to Accept the Plan:** **Class 10 will be considered to have accepted the Plan if** the holders of at least two-thirds in amount and more than one-half in number of the PFRS Pension Claims in Class 10 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.
- (c) **Standard to Confirm the Plan if Class 10 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 10 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

### **SUBMITTING YOUR BALLOT:**

If you were not an active or former employee of the City as of the Pension Record Date, if you did not hold a PFRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your PFRS Pension Claim against the City has been placed in Class 10 under the Plan. **The attached Ballot is designated only for individuals who were employed by the City or who were former employees as of March 1, 2014 to vote PFRS Pension Claims in Class 10 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.~~G~~~~H~~, Article IV.~~H~~~~I~~ and Article V.C of the Plan. Such provisions include a release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not an active or former employee of the City who was not yet receiving a pension as of the Pension Record Date, if you were not a Holder of a PFRS Pension Claim as of the Pension Record Date or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS HAVING BEEN CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES ON THE NEXT PAGE, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, an active or former employee of the City who was not yet receiving a pension and is a PFRS Pension Claim Holder in Class 10 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your pension.

If you accept the Plan, you are also voting to approve certain other cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.[GH](#), Article IV.[HI](#) and Article V.C of the Plan. These provisions include the release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor parties.

Creditor [Name/Identifier]: [To be Inserted by the City]

Amount of Pension Claim: [To be Inserted by the City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. was an active or former employee of the City as of March 1, 2014;
- ii. was not receiving pension payments from the PFRS as of March 1, 2014;
- iii. is the Holder of a PFRS Pension Claim in Class 10 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iv. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) ~~letter(s)~~ letters from PFRS, [the Retired Detroit Police and Fire Fighters Association](#) and possibly from other parties;
- v. has not submitted any other Ballots for Class 10 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- vi. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or Federal Tax I.D. No. (optional)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date Completed

\_\_\_\_\_  
Email Address

## Annex I

### Pension Benefit Estimation Calculator

#### If you were hired prior to 1-1-69 (OLD PLAN)

Your total retirement allowance (pension plus annuity) is equal to two and one-half percent (2.50%) of your average final compensation multiplied by your years of credited service, not to exceed 25 years. The pension portion cannot exceed fifteen/twenty-seconds (15/22) of the maximum earnable compensation of a patrolman/firefighter.

Average final compensation is the average of the "maximum rate of pay" fixed by the budget, at the time of your termination, of your rank or ranks held during your last five years of service (effective July 1, 2000, last three years for DPCOA and Executive members and their Fire equivalents), plus the value of your last full longevity payment.

Members hired prior to 1-1-69 also have the option to retire under the "New Plan" provisions, which are discussed below.

#### If you were hired on or after 1-1-69 (NEW PLAN)

Your total retirement allowance (pension plus annuity) is equal to two and one-half percent (2.50%) of your average final compensation for the first 25 years of credited service and two and one-tenth percent (2.10%) for years beyond 25 to a maximum of 35 years of service.

Average final compensation is the same as under the "Old Plan."

You can view these instructions online at <http://www.pfrsdetroit.org/index.aspx?pagename=faqs&pageid=4#2>.

The online PFRS Retirement Benefit Estimator can be accessed at this website address:  
<http://www.pfrsdetroit.org/index.aspx?pagename=benefit-estimate&pageid=6>.

**Annex II**

**COLA Charts**

<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 6:03:11 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CHI/CHI/1926013/4	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CHI/CHI/1926013/7	
<b>Changes:</b>	
<u>Add</u>	26
<del>Delete</del>	20
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	46

**Exhibit 7G**

Redline of Class 10 Ballot – Retirees

**Exhibit 6D.2**

Class 10 Ballot – Retirees

**Ballot, Class 10 PFRS Pension Claims – Retirees**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 10: PFRS Pension Claims – Retirees  
Claimant's [Name/Identifier]: [\_\_\_\_\_]   
Allowed Claim for Voting Purposes: \$[\_\_\_\_\_]

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.  
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE  
DETERMINED BY THE POLICE AND FIRE RETIREMENT  
SYSTEM AFTER THE CITY'S PLAN IS CONFIRMED. YOUR  
ACTUAL PENSION AMOUNTS MAY BE MORE OR LESS THAN  
THE ESTIMATES CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR RETIREES WHO ARE CURRENTLY RECEIVING PENSION PAYMENTS FROM THE POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT ("PFRS").

PFRS PENSION CLAIMS ARE INCLUDED IN CLASS 10 UNDER THE SECOND AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (~~MARCH 31~~ APRIL 16, 2014) (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit (~~March 31~~ April 16, 2014) (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on April [\_\_\_\_], 2014. By orders entered on March 11, 2014 and April [\_\_\_\_], 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because you are a retired Holder of a PFRS Pension Claim as of March 1, 2014 (the "Pension Record Date").

Your PFRS Pension Claim has been temporarily allowed in the estimated amount of \$[\_\_\_\_\_] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

The Plan proposes two possible treatments for PFRS Pension Claims. The results of the voting on the Plan will determine whether the PFRS will receive money from proposed settlements with third-party foundation funders, The Detroit Institute of Arts and the State of Michigan (the "Outside Funding"). The Outside Funding also depends, in part, on Bankruptcy Court approval of the settlements and the fulfillment by the outside funders of their respective commitments.

**You cannot avoid a reduction of your pension benefits by refusing to vote. If the Plan is confirmed, your pension will be reduced.**

**RELEASES:** If you vote to accept the Plan, you will be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension. If Classes 10 and 11 vote to accept the Plan so that the State funding will be made, you will not have any right to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension.

**ALTERNATIVE A:** If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan and the Court approves the Plan, the Outside Funding will be contributed to PFRS. Under this alternative, your monthly pension payments ~~are estimated to change as follows~~ will stay the same, except that you will only receive 45% of your cost of living adjustments, sometimes called "escalators" ("COLA"):

Current Monthly Pension Payment: \$[\_\_\_\_\_]

~~Estimated Monthly Pension Payment Under the Plan (flat payment; no COLAs):~~  
~~\$[\_\_\_\_\_]~~

Your will continue to receive your Current Monthly Pension Payment as it will increase by a 1.0125% escalator each year.

\*\*\*

**ALTERNATIVE B:** If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to PFRS. Under this alternative, your monthly pension payments ~~are estimated to change as follows~~ will stay the same, and you will not receive any COLA. Thus, you will continue to receive your current monthly pension amount, which is [\_\_\_\_\_], and it will not be increased in the future.

~~Current Monthly Pension Payment:~~ — ~~\$[\_\_\_\_\_]~~

~~Estimated Monthly Pension Payment Under the Plan (flat payment; no COLAs):~~ — ~~\$[\_\_\_\_\_]~~

\*\*\*

In addition, if you vote for the Plan ***and*** the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to ~~apply to the State to obtain~~ receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to the Retiree Committee.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

### **THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 10 to Accept the Plan:** **Class 10 will be considered to have accepted the Plan if** the holders of at least two-thirds in amount and more than one-half in number of the PFRS Pension Claims in Class 10 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.
- (c) **Standard to Confirm the Plan if Class 10 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 10 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

### **SUBMITTING YOUR BALLOT:**

If you were not retired as of the Pension Record Date, if you did not hold a PFRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your PFRS Pension Claim against the City has been placed in Class 10 under the Plan. **The attached Ballot is designated only for retirees to vote PFRS Pension Claims in Class 10 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.~~G~~<sup>H</sup>, Article IV.~~H~~<sup>I</sup> and Article V.C of the Plan. Such provisions include a release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not retired as of the Pension Record Date, if you were not a Holder of a PFRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS HAVING BEEN CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES ON THE NEXT PAGE, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, a retired PFRS Pension Claim Holder in Class 10 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

**If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your pension.**

**If you accept the Plan, you are also voting to approve certain other cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.[GH](#), Article IV.[HI](#) and Article V.C of the Plan. These provisions include the release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor parties.**

Creditor [Name/Identifier]: [To be Inserted by the City]

Amount of Pension Claim: [To be Inserted by the City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. was retired as of March 1, 2014;
- ii. is the Holder of a PFRS Pension Claim in Class 10 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iii. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) ~~letter(s)~~ letters from the PFRS, [the Retired Detroit Police and Fire Fighters Association](#) and possibly from other parties;
- iv. has not submitted any other Ballots for Class 10 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- v. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or Federal Tax I.D. No. (optional)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date Completed

\_\_\_\_\_  
Email Address

**Annex I**  
COLA Charts

<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 8:11:32 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CHI/CHI/1925944/4	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CHI/CHI/1925944/8	
<b>Changes:</b>	
<u>Add</u>	17
<del>Delete</del>	15
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	32

**Exhibit 7H**

Redline of Class 11 Ballot – Active and Former Employees

**Exhibit 6D.3**

Class 11 Ballot – Active and Former Employees

**Ballot, Class 11 GRS Pension Claims – Active and Former Employees**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 11: GRS Pension Claims – Active and Former Employees  
Claimant's [Name/Identifier]: [\_\_\_\_\_]   
Allowed Claim for Voting Purposes: \$[\_\_\_\_\_]

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.  
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE  
DETERMINED BY THE GENERAL RETIREMENT SYSTEM AT  
THE TIME OF YOUR RETIREMENT. YOUR ACTUAL PENSION  
AMOUNTS MAY BE MORE OR LESS THAN THE ESTIMATES  
CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR ACTIVE OR FORMER EMPLOYEES WHO WERE NOT RECEIVING PENSION PAYMENTS FROM THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT ("GRS") AS OF MARCH 1, 2014 (THE "PENSION RECORD DATE").

GRS PENSION CLAIMS ARE INCLUDED IN CLASS 11 UNDER THE SECOND AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (~~MARCH 31~~ APRIL 16, 2014) (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit (~~March 31~~ April 16, 2014) (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on April [\_\_\_\_], 2014. By orders entered on March 11, 2014 and April [\_\_\_\_], 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because, as of March 1, 2014, (a) you were an active employee or former employee of the City, (b) you were not receiving pension payments and (c) you are a Holder of a GRS Pension Claim.

Your GRS Pension Claim has been temporarily allowed in the estimated amount of \$[\_\_\_\_\_] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

The Plan proposes two possible treatments for GRS Pension Claims. The results of the voting on the Plan will determine whether the GRS will receive money from proposed settlements with third-party foundation funders, the Detroit Institute of Arts and the State of Michigan (the "Outside Funding"). The Outside Funding also depends, in part, on Bankruptcy Court approval of the settlements and the fulfillment by the outside funders of their respective commitments.

**You cannot avoid a reduction of your pension benefits by refusing to vote. If the Plan is confirmed, your pension will be reduced.**

**RELEASES:** If you vote to accept the Plan, you will be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension. If Classes 10 and 11 vote to accept the Plan so that the State funding will be made, you will not have any right to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your pension.

**ALTERNATIVE A: If both Class 10 (the PFRS Pension Claims) and Class 11 (the GRS Pension Claims) vote to accept the Plan** and the Court approves the Plan, the Outside Funding will be contributed to GRS. Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the simple calculation set forth on Annex I to this Ballot to determine the annual amount of your service retirement allowance. Enter the result here: \_\_\_\_\_

~~Line 2: The Estimated Annuity Savings Funds Recoupment amount is:~~  
~~[\_\_\_\_\_]~~

~~Line 3: Subtract the amount in Line 2 from the amount in Line 1. Enter the result here:~~ \_\_\_\_\_

Line ~~42~~: Multiply the amount in Line ~~31~~ by ~~0.74~~ 0.955 and enter the result here: \_\_\_\_\_

Line ~~53~~: Divide the amount in Line ~~42~~ by 12 and enter the result here: \_\_\_\_\_

The amount you entered in Line ~~53~~ is your estimated future monthly pension payment.

Line 4: The Estimated Annuity Savings Funds Recoupment amount is:  
[\_\_\_\_\_]

The amount in Line 4 will be deducted from your Annuity Savings Fund account and added to the assets of GRS to be used to pay defined benefit pensions.

\*\*\*

**ALTERNATIVE B: If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to GRS.** Under this alternative, you can calculate your potential future monthly pension payment as follows:

Line 1: Perform the simple calculation set forth on Annex I to this Ballot to determine the annual amount of your service retirement allowance. Enter the result here: \_\_\_\_\_

~~Line 2: The Estimated Annuity Savings Funds Recoupment amount is:~~  
~~\_\_\_\_\_~~

~~Line 3: Subtract the amount in Line 2 from the amount in Line 1. Enter the result here:~~ \_\_\_\_\_

Line 42: Multiply the amount in Line 31 by ~~0.66~~0.71 and enter the result here: \_\_\_\_\_

Line 53: Divide the amount in Line 42 by 12 and enter the result here: \_\_\_\_\_

The amount you entered in Line 53 is your estimated future monthly pension payment.

Line 4: The Estimated Annuity Savings Funds Recoupment amount is:  
\_\_\_\_\_

The amount in Line 4 will be deducted from your Annuity Savings Fund account and added to the assets of GRS to be used to pay defined benefit pensions.

\*\*\*

In addition, if you vote for the Plan and the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to ~~apply to the State to obtain~~ receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to GRS.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

#### **THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 11 to Accept the Plan:** Class 11 will be considered to have accepted the Plan **if** the holders of at least two-thirds in amount and more than one-half in number of the PFRS Pension Claims in Class 11 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.

- (c) **Standard to Confirm the Plan if Class 11 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 11 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

**SUBMITTING YOUR BALLOT:**

If you were not an active or former employee of the City as of the Pension Record Date, if you did not hold a GRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your GRS Pension Claim against the City has been placed in Class 11 under the Plan. **The attached Ballot is designated only for individuals who were employed by the City or who were former employees of the City who were not yet receiving a pension as of March 1, 2014 to vote GRS Pension Claims in Class 11 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.G, Article IV.H and Article V.C of the Plan. Such provisions include a release of third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline, or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not an active or former employee of the City as of the Pension Record Date, if you were not a Holder of a GRS Pension Claims as of the Pension Record Date, or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2 BELOW. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, an active or former employee of the City who was not yet receiving a pension and who is a GRS Pension Claim Holder in Class 11 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

**If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your pension.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.[G](#)[H](#), Article IV.[H](#)[I](#) and Article V.C of the Plan. Such provisions include a release of third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.**

Creditor [Name/Identifier]: [To be Inserted by City].

Amount of Pension Claim: \$[To be Inserted by City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. was an active or former employee of the City as of March 1, 2014
- ii. was not receiving pension payments from the GRS as of March 1, 2014;
- iii. is the Holder of a GRS Pension Claim in Class 11 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iv. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) a letter~~(s)~~ from GRS and possibly other parties;
- v. has not submitted any other Ballots for Class 11 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- vi. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or Federal Tax I.D. No. (optional)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Name of Institution

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date Completed

\_\_\_\_\_  
Email Address

## Annex I

### Pension Benefit Estimation Calculator

Your service retirement allowance is based on your years of credited service, your age and your average final compensation. "Average final compensation" means the average of the annual compensation paid you by the City during the period of 36 consecutive months of service which produces the highest average. The 36 consecutive months used must occur within your last 120 months of service. You have the option of receiving an Unused Sick Leave on Retirement payout of 25% of your unused sick leave (normally 50%) and having the value of the payout added to the earnings used to compute your average final compensation. CET changes: Unused Sick Leave on Retirement- Any sick leave accumulated after July 17, 2012 and remaining unused at retirement will not be paid out. Sick Time Inclusion in Final Average Compensation -The inclusion of sick time in an employee's Final Average Compensation will be discontinued. The implementation date is December 1, 2012.

Your retirement allowance consists of the following 3 amounts:

1. A basic pension of \$12 for each full year of service, but not to exceed \$120.
2. A pension allowance equal to the sum of 1.6% times your first 10 years of credited service, plus 1.8% times each year of service greater than 10 years up to 20 years, plus 2.0% times each year of service greater than 20 years up to 25 years, plus 2.2% times each year of service over 25 years; multiplied by your average final compensation. CET changes: The multiplier has been reduced to 1.5% for service time earned subsequent to July 17, 2012 and the escalator eliminated. The implementation date is December 1, 2012.
3. An annuity, provided you made contributions for it and you do not withdraw those funds at the time of retirement. The annuity portion depends on the balance in your account and your age on your retirement date.

TYPICAL ESTIMATED MONTHLY  
STRAIGHT LIFE  
RETIREMENT ALLOWANCE

(Based on Basic Pension of \$120 plus 1.5% for 1st 10 years of service, plus 1.7% for 11 to 20 year of service, plus 1.9% for service over 20 years)

Average Final Comp.	Years of Service						
	10	15	20	25	30	35	40
\$24,000	\$330.00	\$510.00	\$690.00	\$890.00	\$1,110.00	\$1,330.00	\$1,550.00
26,000	356.57	551.67	746.67	963.33	1,201.67	1,440.00	1,678.33
28,000	383.33	593.33	803.33	1,036.67	1,293.33	1,550.00	1,806.67
30,000	410.00	635.00	860.00	1,110.00	1,385.00	1,660.00	1,935.00
32,000	436.67	676.67	916.67	1,183.33	1,476.67	1,770.00	2,063.33
34,000	463.33	718.33	973.33	1,256.67	1,568.33	1,880.00	2,191.57
36,000	490.00	760.00	1,030.00	1,330.00	1,660.00	1,990.00	2,320.00
38,000	516.67	801.67	1,086.67	1,403.33	1,751.67	2,100.00	2,448.33
40,000	543.33	843.33	1,143.33	1,476.67	1,843.33	2,210.00	2,576.67
42,000	570.00	885.00	1,200.00	1,550.00	1,935.00	2,320.00	2,705.00
44,000	596.67	926.67	1,256.67	1,623.33	2,026.67	2,430.00	2,833.33
46,000	623.33	968.33	1,313.33	1,696.67	2,118.33	2,540.00	2,961.67
48,000	650.00	1,010.00	1,370.00	1,770.00	2,210.00	2,650.00	3,090.00
50,000	676.67	1,051.67	1,426.67	1,843.33	2,301.67	2,760.00	3,218.33
52,000	703.33	1,093.33	1,483.33	1,916.67	2,393.33	2,870.00	3,346.67
54,000	730.00	1,135.00	1,540.00	1,990.00	2,485.00	2,980.00	3,475.00
56,000	756.67	1,176.67	1,596.67	2,063.33	2,576.67	3,090.00	3,603.33
58,000	783.33	1,218.33	1,653.33	2,136.67	2,668.33	3,200.00	3,731.67
60,000	810.00	1,260.00	1,710.00	2,210.00	2,760.00	3,310.00	3,860.00

Federal Social Security benefits **are in addition** to the amounts shown. Current Social Security information can be obtained from any office of the Social Security Administration.

You can access the online version of "How is the Amount of My Current Retirement Calculated" at <http://rscd.org/grs.htm#gcquest2>.

The online GRS Retirement Benefit Estimator can be accessed at this website address: [http://rscd.org/08gendefault\\_aol.htm](http://rscd.org/08gendefault_aol.htm).

**Annex II**

**COLA Charts**

<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 6:27:48 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CHI/CHI/1925994/4	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CHI/CHI/1925994/8	
<b>Changes:</b>	
<u>Add</u>	29
<del>Delete</del>	26
<del>Move From</del>	4
<u>Move To</u>	4
<u>Table Insert</u>	0
<del>Table Delete</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	<b>63</b>

**Exhibit 7I**

Redline of Class 11 Ballot – Retirees

**Exhibit 6D.4**

Class 11 Ballot – Retirees

**Ballot, Class 11 GRS Pension Claims – Retirees**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 11: GRS Pension Claims – Retirees  
Claimant's [Name/Identifier]: [\_\_\_\_\_] ☐  
Allowed Claim for Voting Purposes: \$[\_\_\_\_\_] ☐

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**ALL AMOUNTS STATED ON THIS BALLOT ARE ESTIMATES.  
YOUR FINAL, ACTUAL PENSION AMOUNTS WILL BE  
DETERMINED BY THE GENERAL RETIREMENT SYSTEM  
AFTER THE CITY'S PLAN IS CONFIRMED. YOUR ACTUAL  
PENSION AMOUNTS MAY BE MORE OR LESS THAN THE  
ESTIMATES CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR RETIREES WHO ARE CURRENTLY RECEIVING PENSION PAYMENTS FROM THE GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT ("GRS").

GRS PENSION CLAIMS ARE INCLUDED IN CLASS 11 UNDER THE [SECOND](#) AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (~~MARCH 31~~ [APRIL 16](#), 2014) (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.



**ALTERNATIVE B: If either Class 10 or Class 11 votes to reject the Plan and the Court approves the Plan, the Outside Funding will not be contributed to GRS.** Under this alternative, your monthly pension payments are estimated to change as follows:

Item 1: Enter Current Monthly Pension Payment Here:  
\$                   

Line 2: Multiply Line 1 by .71%: = \$                   

~~Less~~ Line 3: Subtract Estimated Annuity Savings Fund Monthly Recoupment:  
\$                   

Line 4: Estimated Monthly Pension Payment Under the Plan (flat payment; no COLAs):  
\$                   

\*\*\*

In addition, if you vote for the Plan *and* the adjusted pension amount you are to receive under the Plan is so low that your total income falls below a certain level, you may be eligible to ~~apply to the State to obtain~~ receive supplemental payments. These additional payments will not be available to higher income retirees.

For more information regarding the calculation of the amount of your allowed claim and your monthly pension payments, please consult with your counsel and/or counsel to the Retiree Committee.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

#### **THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 11 to Accept the Plan:** Class 11 will be considered to have accepted the Plan if the holders of at least two-thirds in amount and more than one-half in number of the GRS Pension Claims in Class 11 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.
- (c) **Standard to Confirm the Plan if Class 11 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 11 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

#### **SUBMITTING YOUR BALLOT:**

If you were not retired as of the Pension Record Date, if you did not hold a GRS Pension Claim as of the Pension Record Date, or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your GRS Pension Claim against the City has been placed in Class 11 under the Plan. **The attached Ballot is designated only for retirees to vote GRS Pension Claims in Class 11 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.~~G~~~~H~~, Article IV.~~H~~~~I~~ and Article V.C of the Plan. Such provisions include a release of third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline, or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not retired as of the Pension Record Date, if you were not a Holder of a GRS Pension Claims as of the Pension Record Date, or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2 BELOW. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, a retired GRS Pension Claim Holder in Class 11 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

**If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your pension.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.[GH](#), Article IV.[HI](#) and Article V.C of the Plan. Such provisions include a release of third parties, including the State of Michigan, and may affect your rights and interests regarding certain other nondebtor third parties.**

Creditor [Name/Identifier]: [To be Inserted by City].

Amount of Pension Claim: \$[To be Inserted by City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. was retired as of March 1, 2014;
- ii. is the Holder of a GRS Pension Claim in Class 11 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- iii. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) a letter~~(s)~~ from the GRS and possibly from other parties;
- iv. has not submitted any other Ballots for Class 11 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- v. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or Federal Tax I.D. No. (optional)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Name of Institution

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date Completed

\_\_\_\_\_  
Email Address

**Annex I**

**COLA Charts**

<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 6:30:35 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CHI/CHI/1925986/4	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CHI/CHI/1925986/7	
<b>Changes:</b>	
<u>Add</u>	31
<del>Delete</del>	24
<del>Move From</del>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<del>Table Delete</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	<b>55</b>

**Exhibit 7J**

Redline of Class 12 Ballot

**Exhibit 6D.5**

Class 12 Ballot

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

----- X  
In re :  
CITY OF DETROIT, MICHIGAN, : Chapter 9  
Debtor. : Case No. 13-53846  
: Hon. Steven W. Rhodes  
----- X

**BALLOT FOR ACCEPTING OR REJECTING THE  
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

CLASS 12: OPEB Claims  
Claimant's [Name/Identifier]: [\_\_\_\_\_]   
Allowed Claim for Voting Purposes: \$[\_\_\_\_\_]

**THE "VOTING DEADLINE" TO ACCEPT OR REJECT THE  
PLAN IS 5:00 P.M., EASTERN TIME, ON JUNE 30, 2014**

**THE ALLOWED AMOUNT OF YOUR OPEB CLAIM STATED ON  
THIS BALLOT IS AN ESTIMATE. YOUR ACTUAL OPEB  
CLAIM AMOUNT MAY BE MORE OR LESS THAN THE  
ESTIMATE CONTAINED IN THIS BALLOT.**

THIS BALLOT IS FOR INDIVIDUALS ENTITLED TO POST-RETIREMENT HEALTH, VISION, DENTAL, LIFE AND DEATH BENEFITS PURSUANT TO THE EMPLOYEE HEALTH AND LIFE INSURANCE BENEFIT PLAN AN THE EMPLOYEE DEATH BENEFIT PLAN (COLLECTIVELY, "OPEB BENEFITS").

CLAIMS AGAINST THE CITY FOR OPEB BENEFITS ("OPEB CLAIMS") ARE INCLUDED IN CLASS 12 UNDER THE SECOND AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (~~MARCH 31~~APRIL 16, 2014) (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").<sup>1</sup>

PLEASE COMPLETE, SIGN AND DATE THE BALLOT AND MAIL IT BY REGULAR MAIL TO KURTZMAN CARSON CONSULTANTS LLC (THE "BALLOTING AGENT") IN THE ENCLOSED ADDRESSED ENVELOPE SO THAT IT IS ACTUALLY RECEIVED BY THE JUNE 30, 2014 VOTING DEADLINE.

DO NOT RETURN THE BALLOT TO THE CITY OF DETROIT, THE BANKRUPTCY COURT OR ANYONE OTHER THAN THE BALLOTING AGENT.

BALLOTS MAY NOT BE SUBMITTED BY FAX, EMAIL OR OTHER ELECTRONIC MEANS.

PLEASE CONTACT THE BALLOTING AGENT IF YOU HAVE QUESTIONS REGARDING THE BALLOT RETURN INSTRUCTIONS. PLEASE NOTE, HOWEVER, THAT THE BALLOTING AGENT IS NOT PERMITTED TO PROVIDE LEGAL ADVICE.

<sup>1</sup> Capitalized terms used in this Ballot and the attached instructions that are not otherwise defined have the meanings given to them in the Plan.

The City of Detroit, Michigan (the "City") is soliciting votes with respect to the Plan, which is described in the accompanying Second Amended Disclosure Statement with Respect to Second Amended Plan for the Adjustment of Debts of the City of Detroit (~~March 31~~ April 16, 2014) (as it may be amended, supplemented or modified, the "Disclosure Statement"). The Disclosure Statement was approved by the Bankruptcy Court on April [\_\_\_\_], 2014. By orders entered on March 11, 2014 and April [\_\_\_\_], 2014, the Bankruptcy Court approved procedures regarding the solicitation and tabulation of votes on the Plan.

You are receiving this Ballot because you are a holder of an OPEB Claim as of March 1, 2014 (the "OPEB Record Date").

Your OPEB Claim has been temporarily allowed in the estimated amount of \$[\_\_\_\_\_] only for the purpose of voting on the Plan. The actual amount of the claim may change before the end of the bankruptcy case.

**You cannot avoid a change to your OPEB Benefits by refusing to vote. If the Plan is confirmed, your OPEB Benefits will be changed.**

**RELEASES:** If you vote to accept the Plan, you will be giving up any right you may have to sue the State of Michigan, the City or other entities specifically protected by the Plan releases, to try to recover the full amount of your OPEB Benefits.

**THE PURPOSE OF THE DISCLOSURE STATEMENT:** The Disclosure Statement and the summary of the Plan included with this Ballot contain information to assist you in making an informed decision whether to accept or reject the Plan. Copies of the Plan and Disclosure Statement are contained on the CD included in your package of solicitation materials, and they are also available via the internet at <http://kccllc.net/detroit> or <http://www.detroitmi.gov>.

**THE STANDARDS FOR CONFIRMING THE PLAN**

- (a) **Required Vote for Class 12 to Accept the Plan:** Class 12 will be considered to have accepted the Plan if the holders of at least two-thirds in amount and more than one-half in number of the OPEB Claims in Class 12 who actually vote, vote to accept the Plan.
- (b) **Required Vote to Confirm the Plan:** At least one class that is not being paid in full must vote to accept the Plan.
- (c) **Standard to Confirm the Plan if Class 12 Does Not Vote to Accept the Plan:** If at least one qualifying class votes to accept the Plan, the Bankruptcy Court may confirm the Plan if it finds that the Plan (i) provides fair and equitable treatment to, and does not unfairly discriminate against, Class 12 and (ii) otherwise satisfies the requirements of sections 943 and 1129(b) of the Bankruptcy Code.
- (d) **Binding Effect of Confirmation of the Plan:** If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote, and whether you vote to accept or reject the Plan.

**SUBMITTING YOUR BALLOT:**

If you did not hold an OPEB Claim as of the OPEB Record Date or if you believe for any other reason that you received the wrong ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

To have your vote counted, you must complete, sign and return this Ballot in accordance with the voting information and instructions provided below. You must complete your Ballot and return it to the Balloting Agent so that it is actually received by the Voting Deadline.

The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent to the City, the Bankruptcy Court or any entity other than the Balloting Agent.

## **VOTING INFORMATION AND INSTRUCTIONS FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate your vote to accept or reject the Plan.

Your OPEB Claim against the City has been placed in Class 12 under the Plan. **The attached Ballot is designated only for holders of OPEB Claims in Class 12 under the Plan.**

**If you vote to accept the Plan, you are voting to approve certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.~~G~~<sup>H</sup>, Article IV.~~H~~<sup>I</sup> and Article V.C of the Plan. Such provisions include a release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor third parties.**

2. Please complete Item 2 of the Ballot.
3. Sign, date and return the Ballot to:

Detroit Ballot Processing Center  
c/o KCC  
2335 Alaska Avenue  
El Segundo, CA 90245

The Balloting Agent must actually receive all Ballots by the Voting Deadline. If a Ballot is received after the Voting Deadline, it will not be counted. The Balloting Agent will not accept Ballots received after the Voting Deadline or Ballots delivered by email, fax or any other electronic method. Ballots should not be sent directly to the City, the Bankruptcy Court or any entity other than the Balloting Agent. Any Ballots received by the City or the Bankruptcy Court will not be valid and will not be counted as cast.

4. If you also hold Claims in other Classes, you will receive a separate ballot for each such Claim. You must complete and return each ballot you receive to ensure that your vote will be counted with respect to each Class in which you are a Claim holder.
5. The Ballot does not constitute and shall not be deemed an assertion of a Claim.
6. If you were not a Holder of an OPEB Claim as of the OPEB Record Date or if you believe for any other reason that you received the wrong Ballot, please contact the Balloting Agent immediately at (877) 298-6236 or via email at [detroitinfo@kccllc.com](mailto:detroitinfo@kccllc.com).

7.

**PLEASE READ THE VOTING INFORMATION AND  
INSTRUCTIONS ATTACHED BEFORE COMPLETING THIS BALLOT.**

PLEASE COMPLETE ITEMS 1 AND 2. IF NEITHER THE "ACCEPT" NOR "REJECT" BOX IS CHECKED IN ITEM 1, OR IF BOTH BOXES ARE CHECKED IN ITEM 1, THIS BALLOT WILL NOT BE COUNTED AS HAVING BEEN CAST.

IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES ON THE NEXT PAGE, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.

**Item 1. Class Vote.** The undersigned, an OPEB Claim Holder in Class 12 as of March 1, 2014 against the City of Detroit, Michigan, votes to (check one box):

☐ **ACCEPT** the Plan.

☐ **REJECT** the Plan.

**If you accept the Plan, you are voting to approve a release of any claims that you may have against the State in connection with the loss of part of your OPEB Benefits.**

**If you accept the Plan, you are also voting to approve certain other cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan. Such provisions include, but are not limited to, the provisions contained in Article III.D, Article IV.[GH](#), Article IV.[HI](#) and Article V.C of the Plan. These provisions include the release of the State of Michigan and may affect your rights and interests regarding certain other nondebtor parties.**

Creditor [Name/Identifier]: [To be Inserted by the City]

Amount of OPEB Claim: [To be Inserted by the City]

**PLEASE CONTINUE TO ITEM 2 ON THE NEXT PAGE**

**Item 2. Certifications.** By signing this Ballot, the undersigned certifies that he, she or it:

- i. is the Holder of an OPEB Claim in Class 12 to which this Ballot pertains, or is an authorized signatory, and has full power and authority to vote to accept or reject the Plan with respect to such Claim;
- ii. received a copy of the solicitation package consisting of: (a) a notice regarding the time and place of a hearing to consider confirmation of the Plan, (b) a CD-ROM including the Plan, Disclosure Statement and the exhibits to each filed to date, (c) a Ballot and a ballot return envelope, (d) a copy of certain rules governing the tabulation of ballots, (e) a plain language description of the Plan, (f) a cover letter and (g) ~~a letter(s) from the PFRS or GRS, as applicable,~~ [from the Retired Detroit Police and Fire Fighters Association](#) and possibly from other parties;
- iii. has not submitted any other ballots for Class 12 that are inconsistent with the vote to accept or reject the Plan set forth in this Ballot, or if such other ballots were previously submitted, they have been revoked or changed to reflect the vote of this Ballot; and
- iv. understands that a vote to accept the Plan is a vote to accept certain cancellation, discharge, exculpation, expungement, injunction and release provisions contained in the Plan.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or Federal Tax I.D. No. (optional)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date Completed

\_\_\_\_\_  
Email Address

<b>Summary Report:</b> <b>Litera Change-Pro ML IC 6.5.0.313 Document Comparison done on</b> <b>4/16/2014 6:34:17 PM</b>	
<b>Style Name:</b> JD Color With Moves	
<b>Original Filename:</b>	
<b>Original DMS:</b> iw://CHI/CHI/1924277/5	
<b>Modified Filename:</b>	
<b>Modified DMS:</b> iw://CHI/CHI/1924277/8	
<b>Changes:</b>	
<a href="#">Add</a>	13
<del>Delete</del>	9
<del>Move From</del>	0
<del>Move To</del>	0
<a href="#">Table Insert</a>	0
<del>Table Delete</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
<b>Total Changes:</b>	22

### **Certificate of Service**

I, Heather Lennox, certify that the foregoing *Notice of Revised Exhibits in Connection with Corrected Motion of the City of Detroit for Entry of an Order Establishing Supplemental Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment with Respect to Pension and OPEB Claims* was filed and served via the Court's electronic case filing and noticing system on this 16th day of April, 2014.

/s/ Heather Lennox

Heather Lennox