

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

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

NOTICE OF FILING AMENDED PLAN EXHIBIT

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On May 5, 2014, the City of Detroit (the "City"), filed the Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (Docket No. 4392) (the "Fourth Amended Plan").

2. The City has revised Exhibit I.A.191.b to the Fourth Amended Plan to ensure that the content of that exhibit is consistent with the terms of agreements the City has reached with certain creditors, as set forth in the redline attached hereto as Exhibit A.

3. The solicitation version of the Fourth Amended Plan — which will be mailed to creditors on or before May 12, 2014 in accordance with the Fourth Amended Order Establishing Procedures, Deadlines and Hearing Dates



Relating to the Debtor's Plan of Adjustment (Docket No. 4202) — will include the corrected version of Exhibit I.A.191.b.

Dated: May 6, 2014

Respectfully submitted,

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ATTORNEYS FOR THE CITY

EXHIBIT A

EXHIBIT I.A.191.b

PRINCIPAL TERMS OF NEW PFRS ACTIVE PENSION PLAN

NEW PFRS ACTIVE PENSION PLAN -- MATERIAL TERMS

1. Benefit Formula:
 - a. Detroit Fire Fighters Association Employees
 - i. FAC (average base compensation over last 10 consecutive years of employment) x Years of Service earned after June 30, 2014 x 2.0%.
Average base compensation means no overtime, no unused sick leave, no longevity or any other form of bonus – just employee's base salary.
 - b. Detroit Police Command Officers Association Employees
 - i. FAC (average base compensation over last 5 consecutive years of employment) x Years of Service earned after June 30, 2014 x 2.0%.
Average base compensation means no overtime, no unused sick leave, no longevity or any other form of bonus – just employee's base salary.
 - c. Detroit Police Officers Association Employees
 - i. FAC (average base compensation over last 10 consecutive years of employment) x Years of Service earned after June 30, 2014 x 2.0%.
Average base compensation means no overtime, no unused sick leave, no longevity or any other form of bonus – just employee's base salary.
 - d. Detroit Police Lieutenants and Sergeants Association Employees
 - i. FAC (average base compensation over last 5 consecutive years of employment) x Years of Service earned after June 30, 2014 x 2.0%.
Average base compensation means no overtime, no unused sick leave, no longevity or any other form of bonus – just employee's base salary.
2. Actual time for benefit accrual is actual time served. For vesting service, 1,000 hours in a 12 month period to earn a year of service.
3. Normal Retirement Age
 - a. Detroit Fire Fighters Association Employees
 - i. age 52 with 25 years of service
 - b. Detroit Police Command Officers Association Employees
 - i. age 50 with 25 years of service, with 5 year transition period to be determined by the City
 - c. Detroit Police Officers Association Employees
 - i. age 52 with 25 years of service

- d. Detroit Police Lieutenants and Sergeants Association Employees
 - i. age 50 with 25 years of service, with the following 57 year transition period:

| <u>Fiscal Year</u> | <u>Age and Service</u> |
|---------------------|------------------------|
| 2015 | Age 43 and 20 years |
| 2016 | Age 43 and 20 years |
| 2017 | Age 44 and 21 years |
| 2018 | Age 45 and 22 years |
| 2019 | Age 46 and 23 years |
| 2020 | Age 47 and 24 years |
| 2021 and thereafter | Age 50 and 25 years |

- 4. 10 Years of Service for vesting.
- 5. Deferred vested pension -- 10 years of service and age 55.
- 6. Duty Disability - consistent with current PFRS
- 7. Non-Duty Disability – consistent with current PFRS
- 8. Non-Duty Death Benefit for Surviving Spouse – consistent with current PFRS
- 9. Duty Death Benefit for Surviving Spouse – consistent with current PFRS
- 10. COLA
 - a. Detroit Fire Fighters Association Employees
 - i. no COLA
 - b. Detroit Police Command Officers Association Employees
 - i. 1% compounded, variable
 - c. Detroit Police Officers Association Employees
 - i. no COLA
 - d. Detroit Police Lieutenants and Sergeants Association Employees
 - i. 1% compounded, variable
- 11. DROP Accounts
 - a. Detroit Fire Fighters Association Employees
 - i. no future payments into DROP.
 - b. Detroit Police Command Officers Association Employees

- i. available for existing and future accrued benefits for employees who are eligible to retire under concurrent eligibility requirements. No more than 5 years of DROP participation for employees not already in DROP. DROP accounts will be managed by the PFRS instead of ING, if administratively and legally feasible. If managed by PFRS, interest will be credited to DROP accounts at a rate equal to 75% of the actual net investment return of PFRS, but in no event lower than 0% or higher than 7.75%.
 - c. Detroit Police Officers Association Employees
 - i. no future payments into DROP.
 - d. Detroit Police Lieutenants and Sergeants Association Employees
 - i. available for existing and future accrued benefits for employees who are eligible to retire under concurrent eligibility requirements. No more than 5 years of DROP participation for employees not already in DROP. DROP accounts will be managed by the PFRS instead of ING, if administratively and legally feasible. If managed by PFRS, interest will be credited to DROP accounts at a rate equal to 75% of the actual net investment return of PFRS, but in no event lower than 0% or higher than 7.75%.
12. Annuity Savings Fund
- a. Detroit Fire Fighters Association Employees
 - i. no future Annuity Savings Fund contributions.
 - b. Detroit Police Command Officers Association Employees
 - i. voluntary Annuity Savings Fund contributions up to 10% of after-tax pay. Interest will be credited at the actual net investment rate of return for PFRS, but will in no event be lower than 0% or higher than 5.25%. No in-service withdrawals permitted.
 - c. Detroit Police Officers Association Employees
 - i. no future Annuity Savings Fund contributions.
 - d. Detroit Police Lieutenants and Sergeants Association Employees
 - i. voluntary Annuity Savings Fund contributions up to 10% of after-tax pay. Interest will be credited at the actual net investment rate of return for PFRS, but will in no event be lower than 0% or higher than 5.25%. No in-service withdrawals permitted.
13. Investment Return/Discount rate – 6.75%
14. City Contributions

- a. Detroit Fire Fighters Association Employees
 - i. 11.2% of the base compensation of eligible employees. A portion of such contribution (not less than 1% of base compensation) will be credited to a rate stabilization fund.
 - b. Detroit Police Command Officers Association Employees
 - i. 12.25% of the base compensation of eligible employees. A portion of such contribution will be credited to a rate stabilization fund.
 - c. Detroit Police Officers Association Employees
 - i. 11.2% of the base compensation of eligible employees. A portion of such contribution (not less than 1% of base compensation) will be credited to a rate stabilization fund.
 - d. Detroit Police Lieutenants and Sergeants Association Employees
 - i. 12.25% of the base compensation of eligible employees. A portion of such contribution will be credited to a rate stabilization fund.
15. Employee Contributions – Employees hired before July 1, 2014 (current actives) will contribute 6% of base compensation (pre-risk shifting); employees hired on or after July 1, 2014 (new employees) will contribute 8% of base compensation (pre-risk shifting). Maximum employee contributions of 10% (current actives) and 12% (new employees).
16. Risk Shifting:
- a. If the funding level is less than 90% (using the fair market value of assets), COLAs will be eliminated (to the extent applicable).
 - b. If the funding level is 90% or lower (using the fair market value of assets and a 3-year look back period), the following corrective actions will be taken in the order listed below, until the actuary can state that by virtue of the use of corrective action, and a 6.75% discount rate and return assumption, the funding level is projected to be 100% on a market value basis within the next 5 years:
 - i. eliminate COLAs (if applicable);
 - ii. use amounts credited to the rate stabilization fund to fund accrued benefits;
 - iii. increase employee contributions by 1% per year (6% to 7% for current actives and 8% to 9% for new employees) for up to 5 years;
 - iv. increase employee contributions (active and new employees) by an additional 1% per year;
 - v. increase employee contributions (active and new employees) by an additional 1% per year;
 - vi. implement a 1 year COLA fallback;
 - vii. implement a second 1 year COLA fallback;

- viii. increase employee contributions by an additional 1% per year; and
- ix. increase City contributions consistent with applicable actuarial principles and PERSIA.

CERTIFICATE OF SERVICE

I, Stephen S. LaPlante, hereby certify that the foregoing Notice of Filing Amended Plan Exhibit was filed and served via the Court's electronic case filing and noticing system on this 6th day of May, 2014.

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