

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

In re:
City of Detroit, Michigan,
Debtor.

Bankruptcy Case No. 13-53846
Judge Thomas J. Tucker
Chapter 9

**STIPULATION BETWEEN THE CITY OF DETROIT AND
THE POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT, MICHIGAN**

The City of Detroit (“City”) and the Police and Fire Retirement System of the City of Detroit, Michigan (“PFRS”) enter into this stipulation (“Stipulation”) and stipulate and agree as follows:

1. On June 26, 2023, this Court entered the Order Granting the City of Detroit’s Motion to Enforce Plan of Adjustment Against the Police and Fire Retirement System Pension Plan (Docket #13602) at docket number 13706 (“Amortization Order”). Also, on June 26, 2023, this Court entered the Opinion Regarding the City of Detroit’s Motion to Enforce Plan of Adjustment Against the Police and Fire Retirement System Pension Plan (Docket #13602) at docket number 13704 and a Supplement to the Court’s Opinion Filed Today, Regarding the City of Detroit’s Motion to Enforce Plan of Adjustment Against the Police and Fire Retirement System Pension Plan at docket number 13705 (docket numbers 13704 and 13705, are referred to collectively as the “Opinion”).



2. Paragraph 2 of the Amortization Order provides in pertinent part that the “PFRS and Investment Committee are enjoined and barred from shortening the 30-year amortization period.”

3. Paragraph 3 of the Amortization Order provides “The PFRS must amortize the PFRS plan’s unfunded actuarial accrued liability that will exist as of June 30, 2023, over an additional 30 years commencing on June 30, 2023.”

4. On December 7, 2023, the PFRS filed a notice of appeal (Docket # 13851).

5. The appeal is currently pending in the United States District Court for the Eastern District of Michigan (“District Court”) and was assigned case number 2:23-cv-13159-LJM-APP.

6. The PFRS and the City respectfully request that the Court enter an order in substantially the same form as the order attached as Exhibit A (“Proposed Order”) approving this Stipulation.

7. Upon entry of the Proposed Order, the City may file the Stipulated Dismissal Order attached as Exhibit B in the District Court (“Stipulated Dismissal Order”).

8. Upon entry of the Proposed Order, paragraph 3 of the Amortization Order is replaced in its entirety with the following language:

“3. The amortization of the PFRS Component II¹ plan’s unfunded actuarial accrued liability will be amortized according to the following procedures:

Definitions

A. The term “RPF” means the Retiree Protection Trust Fund set forth in Section 39-3-1 to 39-3-10 of Chapter 39 of the 2019 Detroit City Code (*Retirement Systems*), Article III (*Retiree Protection Trust Fund*).

B. The term “fiscal year” means the fiscal year of the City of Detroit, which begins on July 1 of each year and ends on June 30 of the following year.

C. The term “PFRS/RPF Budget” means and shall be calculated as follows:

First, using 30-year level-principal amortization, (a) compute the Actuarially Determined Employer Contribution (“ADEC”) for the fiscal year for Component II of the General Retirement System (“GRS”), and then (b) subtract the amount of \$18,300,000, which is the amount provided by the Foundation for Detroit’s Future to the City pursuant to the City’s confirmed plan of adjustment, to obtain the “Net GRS Contribution.”

Second, using 30-year level-principal amortization, (a) compute the ADEC for the fiscal year for Component II of the PFRS, and then subtract the amount of \$375,000, which is the amount provided by the Detroit Institute of Arts to the City pursuant to the City’s confirmed plan of adjustment, to obtain the “Net PFRS Contribution.”

Third, compute the “Net Total City Contribution” due to GRS and PFRS for the fiscal year by adding the Net GRS

¹ Capitalized but undefined terms in this paragraph 3 have the meanings ascribed to them in the Opinion.

Contribution and the Net PFRS Contribution for that fiscal year.

Fourth, divide the Net PFRS Contribution by the Net Total City Contribution to yield the “Budgeted Use Percentage.”

Fifth, multiply the Budgeted Use Percentage by the total budgeted use of the RPF in the City’s budget for the fiscal year to arrive at the budgeted use of the RPF allocated toward the PFRS ADEC for that fiscal year, otherwise referred to as the “PFRS/RPF Budget” for that fiscal year.

Agreement Between the City and the PFRS

The PFRS must amortize the PFRS’s Component II plan unfunded actuarial accrued liability (“UAAL”) over a 30-year closed period beginning on June 30, 2023 and ending on June 30, 2053, as such UAAL is determined each year in accordance with this Order. Each annual contribution of the UAAL over the 30-year closed period shall be determined using the 30-year level-principal amortization method to determine the annual contribution of the City necessary to amortize the UAAL (as recalculated each year) over the then remaining number of years until June 30, 2053 or until it is actuarially determined that there is no UAAL, whichever occurs earlier. For all fiscal years during such 30-year closed period, other than fiscal years 2025 through and including 2034, the City shall contribute the ADEC, after taking into account and deducting the Detroit Institute of Arts contribution for the fiscal year and, further, after taking into account the effect, including any interest savings, of any payments that the City elects to make during that fiscal year (as determined by a re-calculation of the ADEC by the PFRS’s actuary as of 30 days prior to the end of the fiscal year), by the last day of the fiscal year.

For each of the fiscal years 2025 through and including fiscal year 2029, the City shall make each annual contribution, after taking into account and deducting the Detroit Institute of Arts contribution for the fiscal year, in equal quarterly installments, which are due on the last day of each quarter, so long as no quarterly installment, when added to the amount of all prior quarterly installments made during that fiscal year (if any), would cause the total to exceed the PFRS/RPF Budget for that fiscal year. If a quarterly installment payment would cause the City

to exceed the PFRS/RPF Budget in the aggregate for a given fiscal year, then the City may defer any amounts due in excess of the PFRS/RPF Budget for that fiscal year until the last day of that fiscal year. In such event, the amount due in excess of the PFRS/RPF Budget for that fiscal year (which will be the remaining balance of the ADEC for that fiscal year, as recalculated pursuant to the next paragraph), shall be paid by the City to the PFRS no later than the last day of that fiscal year (such remaining payment shall include the amount of \$375,000, which is provided by the Detroit Institute of Arts to the City pursuant to the City's confirmed plan of adjustment).

For each of the fiscal years 2025 through and including fiscal year 2029, the ADEC shall be calculated by the PFRS's actuary based on the assumption the City will make equal quarterly installment payments rather than making a one-time full payment of the ADEC on the last day of the fiscal year. PFRS shall invoice the City in equal quarterly installment amounts of the calculated annual ADEC by the PFRS's actuary. In the event the City is not required to make any quarterly payment or is required to make only a partial quarterly payment, and, in either case, the City does not elect to make the full quarterly payment by the last day of the respective quarter, then, thereafter, the ADEC shall be recalculated by the PFRS's actuary as soon as administratively feasible (taking into account the effect, including any interest savings, of any prior payments that the City has made during the fiscal year) such that the remaining payment(s) due from the City to PFRS total the remaining amount of the recalculated ADEC through the end of the fiscal year. In the event that the City elects to make any payments following this recalculation, a second recalculation of the ADEC by the PFRS's actuary shall be made as of 30 days prior to the end of the fiscal year (taking into account the effect, including any interest savings, of any prior payments that the City made during the fiscal year), and shall be payable by the City no later than the last day of the fiscal year.

For each of the fiscal years 2030 through and including 2034, the City shall make each annual contribution, after taking into account and deducting the Detroit Institute of Arts contribution for the fiscal year, in equal bi-annual installments, which are due on the last day of the second quarter and the last day of the fiscal year, so long as the amount of the first bi-annual installment does not exceed the PFRS/RPF Budget

for that fiscal year. If the first bi-annual installment would exceed the PFRS/RPF Budget for a fiscal year, then the City may defer the amount that exceeds the PFRS/RPF Budget for that year until the last day of that fiscal year. In such event, the amount due in excess of the PFRS/RPF Budget for that fiscal year (which will be the remaining balance of the ADEC for that fiscal year, as recalculated pursuant to the next paragraph), shall be paid by the City to the PFRS no later than the last day of that fiscal year (such remaining payment shall include the amount of \$375,000, which is provided by the Detroit Institute of Arts to the City pursuant to the City's confirmed plan of adjustment).

For each of the fiscal years 2030 through and including fiscal year 2034, the ADEC shall be calculated by the PFRS's actuary based on the assumption the City will make equal bi-annual installment payments rather than making a one-time full payment of the ADEC on the last day of the fiscal year. PFRS shall invoice the City in equal bi-annual installment amounts of the calculated annual ADEC by the PFRS's actuary. In the event the City is not required to make a bi-annual payment or is required to make only a partial bi-annual payment, and, in either case, the City does not elect to make the full bi-annual payment by the last day of the second quarter, then, thereafter, the ADEC shall be recalculated by the PFRS's actuary as soon as administratively feasible (taking into account the effect, including any interest savings, of any prior payments that the City has made during the fiscal year) such that the remaining payment(s) due from the City to PFRS total the remaining amount of the recalculated ADEC through the end of the fiscal year. In the event that the City elects to make any payments following this recalculation, a second re-calculation of the ADEC by the PFRS's actuary shall be made as of 30 days prior to the end of the fiscal year (taking into account the effect, including any interest savings, of any prior payments that the City made during the fiscal year), and shall be payable by the City no later than the last day of the fiscal year."

9. The remainder of the Amortization Order remains unchanged and in full force and effect.

10. The Proposed Order shall become effective upon the entry of the Stipulated Dismissal Order by the District Court. If the Stipulated Dismissal Order has not been entered by the District Court by no later than fourteen days after the entry of the Proposed Order, the Proposed Order shall be null and void and of no force or effect.

11. The Court shall retain jurisdiction over any and all matters arising from the interpretation, enforcement or implementation of the Proposed Order.

SO STIPULATED:

/s/Jennifer K. Green
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*Attorney for Police and Fire Retirement
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Dated: October 30, 2024

/s/ Marc N. Swanson
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Attorney for the City of Detroit

Dated: October 30, 2024

Exhibit A

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

In re:

City of Detroit, Michigan,
Debtor.

Bankruptcy Case No. 13-53846

Judge Thomas J. Tucker

Chapter 9

**ORDER APPROVING STIPULATION BETWEEN THE CITY OF
DETROIT AND THE POLICE AND FIRE RETIREMENT SYSTEM OF
THE CITY OF DETROIT, MICHIGAN**

Upon the Stipulation² between the City of Detroit (“City”) and the Police and Fire Retirement System of the City of Detroit, Michigan (“PFRS”) filed at docket number [**]; and there appearing to be good cause for the entry of this Order;

IT IS HEREBY ORDERED

1. The Stipulation is approved to the extent set forth in this Order.
2. Upon entry of this Order, paragraph 3 of the Order Granting the City of Detroit’s Motion to Enforce Plan of Adjustment Against the Police and Fire Retirement System Pension Plan (Docket #13602) at docket number 13706 (“Amortization Order”) is replaced in its entirety with the following language:

² Capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Stipulation.

“3. The amortization of the PFRS Component II³ plan’s unfunded actuarial accrued liability will be amortized according to the following procedures:

Definitions

A. The term “RPF” means the Retiree Protection Trust Fund set forth in Section 39-3-1 to 39-3-10 of Chapter 39 of the 2019 Detroit City Code (*Retirement Systems*), Article III (*Retiree Protection Trust Fund*).

B. The term “fiscal year” means the fiscal year of the City of Detroit, which begins on July 1 of each year and ends on June 30 of the following year.

C. The term “PFRS/RPF Budget” means and shall be calculated as follows:

First, using 30-year level-principal amortization, (a) compute the Actuarially Determined Employer Contribution (“ADEC”) for the fiscal year for Component II of the General Retirement System (“GRS”), and then (b) subtract the amount of \$18,300,000, which is the amount provided by the Foundation for Detroit’s Future to the City pursuant to the City’s confirmed plan of adjustment, to obtain the “Net GRS Contribution.”

Second, using 30-year level-principal amortization, (a) compute the ADEC for the fiscal year for Component II of

³ Capitalized but undefined terms in this paragraph 3 have the meanings ascribed to them in the Opinion Regarding the City of Detroit’s Motion to Enforce Plan of Adjustment Against the Police and Fire Retirement System Pension Plan (Docket #13602) filed at docket number 13704 and the Supplement to the Court’s Opinion Filed Today, Regarding the City of Detroit’s Motion to Enforce Plan of Adjustment Against the Police and Fire Retirement System Pension Plan filed at docket number 13705 (docket numbers 13704 and 13705, are referred to collectively as the “Opinion”).

the PFRS, and then subtract the amount of \$375,000, which is the amount provided by the Detroit Institute of Arts to the City pursuant to the City's confirmed plan of adjustment, to obtain the "Net PFRS Contribution."

Third, compute the "Net Total City Contribution" due to GRS and PFRS for the fiscal year by adding the Net GRS Contribution and the Net PFRS Contribution for that fiscal year.

Fourth, divide the Net PFRS Contribution by the Net Total City Contribution to yield the "Budgeted Use Percentage."

Fifth, multiply the Budgeted Use Percentage by the total budgeted use of the RPF in the City's budget for the fiscal year to arrive at the budgeted use of the RPF allocated toward the PFRS ADEC for that fiscal year, otherwise referred to as the "PFRS/RPF Budget" for that fiscal year.

Agreement Between the City and the PFRS

The PFRS must amortize the PFRS's Component II plan unfunded actuarial accrued liability ("UAAL") over a 30-year closed period beginning on June 30, 2023 and ending on June 30, 2053, as such UAAL is determined each year in accordance with this Order. Each annual contribution of the UAAL over the 30-year closed period shall be determined using the 30-year level-principal amortization method to determine the annual contribution of the City necessary to amortize the UAAL (as recalculated each year) over the then remaining number of years until June 30, 2053 or until it is actuarially determined that there is no UAAL, whichever occurs earlier. For all fiscal years during such 30-year closed period, other than fiscal years 2025 through and including 2034, the City shall contribute the ADEC, after taking into account and deducting the Detroit Institute of Arts contribution for the fiscal year and, further, after taking into account the effect, including any interest savings, of any payments that the City elects to make during that fiscal year (as determined by a re-calculation of the ADEC by the PFRS's actuary as of 30 days prior to the end of the fiscal year), by the last day of the fiscal year.

For each of the fiscal years 2025 through and including fiscal year 2029, the City shall make each annual contribution, after taking

into account and deducting the Detroit Institute of Arts contribution for the fiscal year, in equal quarterly installments, which are due on the last day of each quarter, so long as no quarterly installment, when added to the amount of all prior quarterly installments made during that fiscal year (if any), would cause the total to exceed the PFRS/RPF Budget for that fiscal year. If a quarterly installment payment would cause the City to exceed the PFRS/RPF Budget in the aggregate for a given fiscal year, then the City may defer any amounts due in excess of the PFRS/RPF Budget for that fiscal year until the last day of that fiscal year. In such event, the amount due in excess of the PFRS/RPF Budget for that fiscal year (which will be the remaining balance of the ADEC for that fiscal year, as recalculated pursuant to the next paragraph), shall be paid by the City to the PFRS no later than the last day of that fiscal year (such remaining payment shall include the amount of \$375,000, which is provided by the Detroit Institute of Arts to the City pursuant to the City's confirmed plan of adjustment).

For each of the fiscal years 2025 through and including fiscal year 2029, the ADEC shall be calculated by the PFRS's actuary based on the assumption the City will make equal quarterly installment payments rather than making a one-time full payment of the ADEC on the last day of the fiscal year. PFRS shall invoice the City in equal quarterly installment amounts of the calculated annual ADEC by the PFRS's actuary. In the event the City is not required to make any quarterly payment or is required to make only a partial quarterly payment, and, in either case, the City does not elect to make the full quarterly payment by the last day of the respective quarter, then, thereafter, the ADEC shall be recalculated by the PFRS's actuary as soon as administratively feasible (taking into account the effect, including any interest savings, of any prior payments that the City has made during the fiscal year) such that the remaining payment(s) due from the City to PFRS total the remaining amount of the recalculated ADEC through the end of the fiscal year. In the event that the City elects to make any payments following this recalculation, a second recalculation of the ADEC by the PFRS's actuary shall be made as of 30 days prior to the end of the fiscal year (taking into account the effect, including any interest savings, of any prior payments that the City made during the fiscal year), and shall be payable by the City no later than the last day of the fiscal year.

For each of the fiscal years 2030 through and including 2034, the City shall make each annual contribution, after taking into account and deducting the Detroit Institute of Arts contribution for the fiscal year, in equal bi-annual installments, which are due on the last day of the second quarter and the last day of the fiscal year, so long as the amount of the first bi-annual installment does not exceed the PFRS/RPF Budget for that fiscal year. If the first bi-annual installment would exceed the PFRS/RPF Budget for a fiscal year, then the City may defer the amount that exceeds the PFRS/RPF Budget for that year until the last day of that fiscal year. In such event, the amount due in excess of the PFRS/RPF Budget for that fiscal year (which will be the remaining balance of the ADEC for that fiscal year, as recalculated pursuant to the next paragraph), shall be paid by the City to the PFRS no later than the last day of that fiscal year (such remaining payment shall include the amount of \$375,000, which is provided by the Detroit Institute of Arts to the City pursuant to the City's confirmed plan of adjustment).

For each of the fiscal years 2030 through and including fiscal year 2034, the ADEC shall be calculated by the PFRS's actuary based on the assumption the City will make equal bi-annual installment payments rather than making a one-time full payment of the ADEC on the last day of the fiscal year. PFRS shall invoice the City in equal bi-annual installment amounts of the calculated annual ADEC by the PFRS's actuary. In the event the City is not required to make a bi-annual payment or is required to make only a partial bi-annual payment, and, in either case, the City does not elect to make the full bi-annual payment by the last day of the second quarter, then, thereafter, the ADEC shall be recalculated by the PFRS's actuary as soon as administratively feasible (taking into account the effect, including any interest savings, of any prior payments that the City has made during the fiscal year) such that the remaining payment(s) due from the City to PFRS total the remaining amount of the recalculated ADEC through the end of the fiscal year. In the event that the City elects to make any payments following this recalculation, a second re-calculation of the ADEC by the PFRS's actuary shall be made as of 30 days prior to the end of the fiscal year (taking into account the effect, including any interest savings, of any prior payments that the City made during the fiscal year), and shall be payable by the City no later than the last day of the fiscal year."

3. The remainder of the Amortization Order remains unchanged and in full force and effect.

4. This Order shall become effective upon the entry of the Stipulated Dismissal Order by the District Court. If the Stipulated Dismissal Order has not been entered by the District Court by no later than fourteen days after the entry of this Order, this Order shall be null and void and of no force or effect.

5. The Court shall retain jurisdiction over any and all matters arising from the interpretation, enforcement, or implementation of this Order.

Exhibit B

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

Police and Fire Retirement System of the
City of Detroit

Appellant,

v.

City of Detroit, Michigan,

Appellee.

Case No. 2:23-cv-13159-LJM-APP

Honorable Laurie Michelson

Magistrate Judge Anthony P. Patti

In re:

City of Detroit, Michigan,

Debtor.

Bankruptcy Case Number 13-53846

Honorable Thomas J. Tucker

Chapter 9

STIPULATED ORDER DISMISSING APPEAL WITH PREJUDICE

The Police and Fire Retirement System of the City of Detroit and the City of Detroit hereby agree to the dismissal with prejudice of the above captioned appeal, without costs or fees to either party as against the other party.

IT IS HEREBY ORDERED that above the captioned appeal is dismissed with prejudice and without fees or costs to either party as against the other party.

IT IS SO ORDERED.

Dated: _____, 2024

LAURIE J. MICHELSON
UNITED STATES DISTRICT JUDGE

SO STIPULATED:

/s/ Jennifer K. Green

Jennifer K. Green (P69019)

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Birmingham, MI 48009

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*Attorney for Police and Fire Retirement
System of the City of Detroit*

Dated: _____, 2024

/s/ Marc N. Swanson

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Attorney for the City of Detroit

Dated: _____, 2024