

**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
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**CORRECTED¹ 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**

The City of Detroit (the "City") moves the Court for the entry of an order establishing supplemental procedures for the solicitation and tabulation of votes to accept or reject the City's *Amended Plan for the Adjustment of Debts of the City of Detroit (March 31, 2014)* (Docket No. 3380) (as it may be amended,

¹ On April 9, 2014, the City filed its *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. 3932) (the "Supplemental Solicitation Procedures Motion"). Subsequent to the filing of the Supplemental Solicitation Procedures Motion, the City was informed that the motion (and exhibits) mistakenly identify Gabriel, Roeder, Smith & Company as having provided census data for actuarial calculations. The census data was not provided by Gabriel, Roeder, Smith & Company, but instead was provided by the Retirement Systems. The Supplemental Solicitation Procedures Motion, and, where appropriate, the exhibits thereto, have been corrected to reflect this change. No other modifications have been made to the Supplemental Solicitation Procedures Motion or the exhibits thereto.

modified or supplemented, the "Plan")² cast by Holders³ of Pension Claims and OPEB Claims.

On February 28, 2014, the City filed its motion to approve solicitation procedures for classes of claims other than Pension and OPEB Claims (Docket No. 2789) (the "Solicitation Procedures Motion"), wherein it sought approval of certain procedures for the solicitation and tabulation of votes to accept or reject the Plan and certain notice procedures and timelines with respect to the plan confirmation process (collectively, the "Primary Solicitation Procedures"). On March 11, 2014, the Court entered an order (the "Primary Solicitation Procedures Order") granting the Solicitation Procedures Motion with modifications as agreed upon by the City and certain parties in interest.⁴

In the Solicitation Procedures Motion, the City acknowledged that discrete supplemental procedures would be required to address the claims classified in Classes 10 and 11 ("Pension Claims") and Class 12 ("OPEB Claims")

² The City filed an initial version of the Plan on February 21, 2014. *See Plan for the Adjustment of Debts of the City of Detroit (February 21, 2014)* (Docket No. 2708) (the "Initial Plan").

³ Capitalized terms used but not defined herein have the meaning given to them in the Plan.

⁴ *See Order (I) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment and (II) Approving Notice Procedures Related to Confirmation of the Plan of Adjustment* (Docket No. 2984).

under the Plan and the specific needs of the creditors with claims in those classes (with respect to Classes 10 and 11, the "Pension Claimants" and with respect to Class 12, the "OPEB Claimants").⁵ Accordingly, the Solicitation Procedures Motion did not (a) attach, or request the approval of, proposed form ballots for Pension and OPEB Claims, (b) identify procedures or tabulation rules for the allowance of Pension and OPEB Claims for purposes of voting on the Plan or (c) seek approval of plain-language descriptions of the Plan for Pension and OPEB Claimants (any such description, a "Plain Language Insert") to be included in the Pension and OPEB Claimants' solicitation packages. This Motion, therefore, seeks approval of supplemental solicitation procedures (the "Supplemental Solicitation Procedures") specifically designed to apply only to Pension and OPEB Claims, that address these issues and others.⁶

⁵ The City, the Balloting Agent, the Retiree Committee and the Retirement Systems are coordinating efforts to identify all Pension and OPEB Claimants, including (a) retired former City employees currently receiving pension payments, (b) active City employees with accrued, vested pension benefits, (c) individuals who terminated employment with the City and have a right to a retirement pension but have not yet retired and (d) currently retired individuals receiving or entitled to receive OPEB Benefits, as of March 1, 2014.

⁶ For the avoidance of doubt, the Primary Solicitation Procedures also apply to Pension and OPEB Claims, except as otherwise provided in the Primary Solicitation Procedures Order and except to the extent they conflict with the Supplemental Solicitation Procedures.

In conjunction with the Primary Solicitation Procedures Order and the City's request for approval of its *Amended Disclosure Statement with Respect to Amended Plan for the Adjustment of Debts of the City of Detroit* (Docket No. 3382) (as it may be amended, modified or supplemented, the "Disclosure Statement"),⁷ the City seeks approval of the Supplemental Solicitation Procedures set forth herein. In developing these procedures — in particular, the Ballots (as defined below) and the Plain Language Inserts — the City's professionals have worked closely with the professionals (both the lawyers and actuaries) for the Retiree Committee, both Retirement Systems, the Detroit Retired City Employees Association (DRCEA), the Retired Detroit Police & Fire Fighters Association (RDPFFA), the four public safety unions representing the police and fire employees of the City and AFSCME (collectively, the "Consultation Parties").⁸ All parties involved participated and worked together in good faith with the goal of making very complicated concepts and calculations as clear as possible for pension

⁷ See *Motion of the City of Detroit for Approval of the Proposed Disclosure Statement* (Docket No. 2713), seeking approval of the Disclosure Statement as providing "adequate information" within the meaning of section 1125(a) of title 11 of the United States Code (the "Bankruptcy Code").

⁸ By so participating, the Consultation Parties (a) are not waiving their rights to object to the Plan or the Disclosure Statement, (b) are not endorsing the Plan in its present form and (c) are not waiving their right to object to the Motion, including their right to object to the form of any of the exhibits to the Motion.

participants and recipients of retiree healthcare. The documents presented in this Motion have been the subject of countless hours of discussion and drafting and have gone through multiple revisions. They will be further revised as events develop that warrant changes to the Plan and Disclosure Statement. Those changes will be presented to the Court at the Disclosure Statement hearing or at such other hearing as the Court may schedule.

As a result of these collective efforts, the City believes that the Supplemental Solicitation Procedures are tailored to the specific needs of Pension and OPEB Claimants in this case, and the Supplemental Solicitation Procedures supplement and modify the Primary Solicitation Procedures in order to address those needs. The City submits that the Supplemental Solicitation Procedures comply fully with the requirements of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and the Local Rules of the Bankruptcy Court for the Eastern District of Michigan (the "Local Rules"). Accordingly, the Supplemental Solicitation Procedures should be approved.

Jurisdiction

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

2. The City files this Motion pursuant to sections 105(a), 1125(b), 1126 and 1128 of the Bankruptcy Code, as made applicable to this case by sections 103(f) and 901(a) of the Bankruptcy Code; Bankruptcy Rules 2002, 3017, 3018, 3020, 9007 and 9008; and Local Rules 3017-1 and 3018-1.

3. The City seeks the entry of an order, substantially in the form attached hereto as Exhibit 1, that approves:

- a. the Pension/OPEB Record Date (as defined below);
- b. the form of the notice of the hearing to consider confirmation of the Plan (the "Confirmation Hearing Notice"), attached hereto as Exhibit 6A;
- c. the contents of the proposed solicitation packages to be distributed to Pension and OPEB Claimants in connection with the solicitation of votes on the Plan;
- d. the forms of ballots for Pension and OPEB Claimants to submit votes on the Plan;
- e. the form of the Plain Language Inserts to be included in the solicitation packages sent to Pension and OPEB Claimants; and
- f. the "Pension/OPEB Tabulation Rules" attached hereto as Exhibit 6B.

The Supplemental Solicitation Procedures

4. The City proposes the following Supplemental Solicitation Procedures utilizing the services of Kurtzman Carson Consultants LLC as claims, solicitation and balloting agent (the "Balloting Agent").

A. The Pension/OPEB Record Date

5. The City has slightly fewer than 9,000 active employees, some of whom are eligible to retire. Since the commencement of this case, many City employees have retired, and it is likely that additional employees will retire while this case is still pending. Similarly, some active employees who have not accrued pension benefits may accrue such benefits during the pendency of this case.

6. In order to estimate individual Pension Claims and OPEB Claims for voting purposes,⁹ the City and/or the relevant Consultation Parties must be provided with or calculate, as the case may be, data, as of a date certain, regarding (a) whether any given employee or retiree is receiving or has an entitlement to accrued pension benefits (and is thus a Pension Claimant), (b) whether any given Pension Claimant is currently employed by the City, has terminated employment without beginning to draw his or her pension or is retired and actually drawing a pension (or is a surviving spouse who is drawing or is entitled to draw a pension in lieu of his or her deceased spouse) and (c) with respect to GRS Pension Claimants who maintain an Annuity Savings Fund ("ASF") account in GRS, whether such Claimant received interest credits into his or her ASF account that exceeded actual investment returns during the past ten years. Moreover, the City and the relevant Consultation Parties must also be

⁹ See paragraphs 13-14 below.

provided with data, as of a date certain, regarding whether (a) any retiree is enrolled in and receiving retiree health insurance or (b) any individual who is retired is entitled to receive retiree health insurance or life insurance (or is a surviving spouse who is receiving or entitled to receive health insurance or death benefits as a consequence of City-provided life insurance on the deceased former employee). Accordingly, after consultation with the Consultation Parties, the City proposes that (a) each Pension Claimant's employment status and (b) the amount of each OPEB Claim be determined as of March 1, 2014 (the "Pension/OPEB Record Date").¹⁰ The City further proposes that the Pension/OPEB Record Date be used for purposes of estimating Pension and OPEB Claims pursuant to the Claim Estimation Procedures (as defined below) and for purposes of voting on the Plan. The City, therefore, requests that the Court approve the Pension/OPEB Record Date.

B. The Pension/OPEB Solicitation Packages

7. The City proposes to send a package containing the following materials (a "Pension/OPEB Solicitation Package") to each holder of a Pension Claim or OPEB Claim who is eligible to vote on the Plan:

¹⁰ The present value of the accrued pension benefits owing to a Pension Claimant and the underfunded liability of the applicable pension fund will be determined as of June 30, 2013, the end of the most recent fiscal year for which there has been a valuation of each pension fund's assets and liabilities.

- a copy of the Confirmation Hearing Notice, substantially in the form attached hereto as attached as Exhibit 6A (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);
- 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 Packages;
- the appropriate form of ballot for voting on the Plan (each, a "Ballot"), as attached hereto as Exhibits 6D.1 through 6D.5 and a Ballot return envelope;
- a copy of the "Pension/OPEB Tabulation Rules" attached hereto as Exhibit 6B;
- a copy of the applicable Plain Language Insert attached hereto as Exhibit 6C.1, 6C.2 or 6C.3;
- a cover letter (a) describing the contents of the Pension/OPEB Solicitation Package; (b) describing the contents of the CD-ROM and instructions for using the CD-ROM; and (c) providing information about how to obtain, at no charge, hard copies of any materials provided on the CD-ROM; and
- letter(s) from the PFRS or GRS, as applicable, and possibly from other parties.

The Pension/OPEB Solicitation Packages will be mailed to all Pension and OPEB Claimants 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 *Second Amended List of Creditors and*

Claims, Pursuant to Sections 924 and 925 of the Bankruptcy Code (the "List of Creditors")¹¹ or has filed a proof of claim.

C. The Plain Language Insert

8. The City believes — consistent with views previously expressed from the bench by the Court — that it is appropriate to include a Plain Language Insert in the Pension/OPEB Solicitation Packages. The inclusion of a Plain Language Insert will provide Pension and OPEB Claimants, as applicable, with information about their current pension and retiree health benefits, as well as information regarding the Plan and the proposed treatment of their Pension and OPEB Claims, in a manner that is more straightforward and easily understood by the average person than the extensive, technical information provided in the Disclosure Statement and, thus, enhance each Pension and OPEB Claimant's ability to cast an informed vote to accept or reject the Plan. Copies of the current drafts of the Plain Language Inserts for each of Class 10, 11 and 12 are attached hereto as Exhibits 6C.1, 6C.2 and 6C.3.

9. The City has prepared the Plain Language Inserts with the assistance and significant input from the Consultation Parties. As noted above, the text of these inserts may continue to change until the time of the Disclosure

¹¹ *See Notice of Filing of Second Amended List of Creditors and Claims, Pursuant to Sections 924 and 925 of the Bankruptcy Code* (Docket No. 1059).

Statement hearing as modifications to the Plan warrant. The City believes that the Plain Language Inserts describe the treatment of Pension and OPEB Claims in the Plan and will permit these claimants to cast an informed vote on the Plan. The City, thus, requests that the Court approve the Plain Language Inserts, substantially in the forms attached hereto.¹²

D. The Pension/OPEB Tabulation Rules

10. Section 1126(c) of the Bankruptcy Code provides that a "class of claims has accepted a plan if such plan has been accepted by creditors . . . that hold at least two thirds in amount and more than one-half in number of the allowed claims of such class held by creditors . . . that have accepted or rejected such plan." 11 U.S.C. § 1126(c). Bankruptcy Rule 3018(a) provides that "the court after notice and hearing may temporarily allow the claim or interest in an amount which the court deems proper for the purpose of accepting or rejecting a plan." Fed. R. Bankr. P. 3018(a).

11. Pursuant to the Primary Solicitation Procedures Order, the Court approved rules for the tabulation of ballots in this case. *See* Primary Solicitation Procedures Order, Exhibit 1 (the "Approved Tabulation Rules"). Many of the Approved Tabulation Rules, however, must be modified and/or

¹² Other parties in interest will be able to review the final form of the Plain Language Inserts, which will be available, free of charge, at <http://www.kccllc.net/detroit>.

supplemented to account for the special circumstances arising in connection with the solicitation of votes from Pension and OPEB Claimants. Accordingly, the City proposes that a separate set of tabulation rules (the "Pension/OPEB Tabulation Rules"), attached hereto as Exhibit 6B, be approved for use in lieu of the Approved Tabulation Rules, solely with respect to the solicitation of Pension and OPEB Claimants.

12. The primary distinction between the Approved Tabulation Rules and the Pension/OPEB Tabulation Rules is the method by which the amount of a claim is determined for voting purposes. Under the Approved Tabulation Rules, claims that are contingent or unliquidated are generally allowed in the amount of \$1, while claims that are non-contingent and liquidated are generally allowed at face value.¹³ Under the Pension/OPEB Tabulation Rules, however, Pension and OPEB Claims will be estimated — for each individual Pension Claimant and OPEB Claimant — using certain assumptions and actuarial models, and the estimated amount of each Pension and OPEB Claim calculated pursuant to

¹³ Parties other than Pension and OPEB Claimants should refer to the Approved Tabulation Rules for the precise rules governing allowance of claims other than Pension and OPEB Claims for voting purposes. The description of the Approved Tabulation Rules set forth herein is qualified in its entirety by reference to the Approved Tabulation Rules and, to the extent any conflict exists, the Approved Tabulation Rules shall govern.

such assumptions and models will be the allowed amount of the Pension or OPEB Claim for voting purposes only.

13. The City proposes the following division of labor (the "Claim Estimation Procedures") for estimating the value of Pension and OPEB Claims for purposes of voting. 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 recently 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.

- a. Class 10 – Detroit Police & Fire Retirement System ("PFRS") Pension Claims
 - 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.

b. Class 11 – Detroit General Retirement System ("GRS") Pension Claims

- 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 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.

c. 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.

14. In addition to the Claim Estimation Procedures, the City proposes the following Pension/OPEB Tabulation Rules:¹⁴

- 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.
- 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.
- 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.
- Any Ballot that is not executed shall not be counted.

¹⁴ The following is intended to provide a non-comprehensive overview of the Pension/OPEB Tabulation Rules set forth in Exhibit 6B. To the extent there is any conflict between the description contained in this Motion and the Pension/OPEB Tabulation Rules set forth in Exhibit 6B, Exhibit 6B shall govern.

- 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 (as defined below) will supersede any other previously-received Ballots.
- 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.
- 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.
- Ballots delivered by email, fax or any other electronic method will not be counted.
- 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.
- 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.

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

15. The above-described Pension/OPEB Tabulation Rules are designed to promote a simple, fair and efficient tabulation of all Ballots cast by or on behalf of Pension and OPEB Claimants in this case. The Court should, therefore, approve the use of the Pension/OPEB Tabulation Rules.

E. Forms of Ballots

16. Bankruptcy Rule 3017(d) requires the City to mail to creditors entitled to vote on the Plan a ballot that conforms to Official Form 14. The City requests that it be permitted to use Ballots for Pension and OPEB Claims that are consistent with Official Form 14 but that have been modified as necessary to (a) clarify the treatment of Pension and OPEB Claims under the Plan and (b) assist Pension and OPEB Claimants in making an informed vote to accept or reject the Plan. As with the Plain Language Inserts discussed above, the City has worked closely with the Consultation Parties to develop the form and content of the Ballots. The Ballots submitted for the Court's approval have gone through many

rounds of modification and discussion among the City and the Consultation Parties.

17. Consistent with the Claim Estimation Procedures above, the Pension Claim classes will utilize four different Ballots that correspond to the Four Pension Categories. Class 12 OPEB Claimants will have a separate Ballot. Each Ballot will be individualized for each Pension Claimant and OPEB Claimant to include, among other things:

- a. the Pension Claimant's or OPEB Claimant's name (and/or some other identifier);
- b. the amount of the Pension Claimant's or OPEB Claimant's estimated Pension Claim or OPEB Claim for voting purposes only (as provided by the Claim Estimation Procedures);
- c. with respect to Class 10 Pension Claimants who are current retirees or surviving spouses, (i) the amount of any current monthly pension payments received by such claimant and (ii) the estimated amount of monthly pension payments that such claimant will receive after the City's emergence from chapter 9 (A) if Classes 10 and 11 accept the Plan and (B) if Class 10 or 11 rejects the Plan;
- d. with respect to Class 11 Pension Claimants who are current retirees or surviving spouses, (i) the amount of any current monthly pension payments received by such claimant and (ii) the estimated amount of monthly pension payments (with a specific notation for any ASF recoupment¹⁵ that may be applicable) that such claimant

¹⁵ 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 (Cont.'d)

will receive after the City's emergence from chapter 9 (A) if Classes 10 and 11 accept the Plan and (B) if Class 10 or 11 rejects the Plan;

- e. with respect to Class 10 Pension Claimants who are active employees or former employees that have earned a pension but have not yet retired, (i) a simple benefit calculator formula for the claimant to calculate his or her potential future pension payment;¹⁶ (ii) the estimated reductions in such pension provided for in the Plan (A) if Classes 10 and 11 accept the Plan and (B) if Class 10 or 11 rejects the Plan; and (iii) a statement regarding the effect of the PFRS hard freeze on the UAAL;
- f. with respect to Class 11 Pension Claimants who are active employees or former employees that have earned a pension but have not yet retired, (i) a simple benefit calculator formula for the claimant to calculate his or her potential future pension payment; (ii) the estimated

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.

¹⁶ The Class 10 and Class 11 Plain Language Inserts will contain a description of the changes to future pension benefits to be received by active City employees.

reductions in such pension provided for in the Plan (A) if Classes 10 and 11 accept the Plan and (B) if Class 10 or 11 rejects the Plan; and (iii) the amount of any ASF recoupment that would be made pursuant to the Plan; and

- g. a statement that, by voting on the Plan, a Pension or OPEB Claimant consents to the releases set forth in section III.D of the Plan.

18. Consistent with the foregoing, the City proposes to use the Ballots attached hereto as Exhibits 6D.1 and 6D.2 for Class 10, the Ballots attached hereto as Exhibits 6D.3 and 6D.4 for Class 11, and the Ballot attached hereto as Exhibit 6D.5 for Class 12. The City submits that these Ballots comply with the requirements of Bankruptcy Rule 3017(d) and conform substantially to Official Form 14.

**F. Primary Solicitation Procedures
Applicable to Solicitation of Pension and OPEB Claimants**

19. The City does not propose to materially modify or replace the following Primary Solicitation Procedures (as approved pursuant to the Primary Solicitation Procedures Order) and, thus, for the avoidance of doubt, such Primary Solicitation Procedures shall apply to Pension and OPEB Claims:

- a. The Balloting Agent shall mail Pension/OPEB Solicitation Packages no later than May 1, 2014. *See Third Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor's Plan of Adjustment ¶ 11 (Docket No. 3632).*
- b. All Ballots submitted by Pension and OPEB Claimants must be properly executed, completed and delivered to the Balloting Agent either by (a) mail in the return

envelope provided with each Ballot, (b) overnight courier or (c) 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 (the "Voting Deadline"). *See* Primary Solicitation Procedures Order ¶ 8.

- c. The Confirmation Hearing Notice attached hereto 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 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.

Notice

20. Notice of this Motion has been given to the United States Trustee for the Eastern District of Michigan, the Consultation Parties and all parties that have requested notice in this case pursuant to Bankruptcy Rule 2002. The City submits that no other or further notice need be provided.

Reservation of Rights

21. The City files this Motion without prejudice to or waiver of its rights pursuant to section 904 of the Bankruptcy Code, and nothing herein is intended to, shall constitute or shall be deemed to constitute the City's consent, pursuant to section 904 of the Bankruptcy Code, to this Court's interference with (a) any of the political or governmental powers of the City, (b) any of the property

or revenues of the City or (c) the City's use or enjoyment of any income-producing property.

Statement of Concurrence

22. Local Rule 9014-1(g) provides that "in a bankruptcy case unless it is unduly burdensome, the motion shall affirmatively state that concurrence of opposing counsel in the relief sought has been requested on a specified date and that the concurrence was denied." Given the number of parties and potential parties involved in this case and the lack of known opposing parties who would be adversely impacted by the relief requested herein, it would be impracticable (and, with regard to unknown parties, impossible) for the City to affirmatively seek the concurrence of each opposing counsel interested in the relief sought herein. Accordingly, the City submits that imposing the requirements of Local Rule 9014-1(g) in this matter would be "unduly burdensome" and requests that its requirements be waived. As noted above, the Consultation Parties have had substantial input into the forms attached to this Motion as exhibits, but the Consultation Parties have nonetheless reserved the right to object to the Motion.

No Prior Request

23. No prior request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the City respectfully requests that the Court enter an order, substantially in the form attached hereto as Exhibit 1, approving: (a) the Pension/OPEB Record Date; (b) the Confirmation Hearing Notice, substantially in the form attached hereto as Exhibit 6A; (c) the contents of the Pension/OPEB Solicitation Packages; (d) the forms of the Ballots attached hereto as Exhibits 6D.1 through 6D.5; (e) the Plain Language Inserts, substantially in the form attached hereto as Exhibits 6C.1, 6C.2 and 6C.3; and (f) the Pension/OPEB Tabulation Rules, including the Claim Estimation Procedures, attached hereto as Exhibit 6B.

Dated: April 10, 2014

Respectfully submitted,

/s/ Heather Lennox

David G. Heiman (OH 0038271)

Heather Lennox (OH 0059649)

JONES DAY

North Point

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ATTORNEYS FOR THE CITY

SUMMARY OF EXHIBITS

The following exhibits are attached to this Motion, labeled in accordance with Local Rule 9014-1(b).

Exhibit 1	Proposed Order
Exhibit 2	Notice
Exhibit 3	None (Brief Not Required)
Exhibit 4	Certificate of Service
Exhibit 5	None (No Affidavits Filed Specific to this Motion)
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

EXHIBIT 1
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").¹ The Court (a) reviewed the Motion and all objections thereto, (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 rules for solicitation and tabulation (the "Pension/OPEB Tabulation Rules") attached as Exhibit 6B to the Motion. The

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

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:²

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 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 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.

² 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.

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) from the PFRS or GRS, as applicable, and possibly from other parties.

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

6. The forms of the Ballots attached to the Motion 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, 2014,³ 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 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

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

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 2

Notice

UNITED STATES BANKRUPTCY COURT
Eastern District of Michigan

In re:

CITY OF DETROIT, MICHIGAN,

Debtor.

Chapter: 9

Case No.: 13-53846

Judge: Hon. Steven W. Rhodes

Address: 2 Woodward Avenue, Suite 1126
Detroit, Michigan 48226

Last four digits of Social Security or
Employer's Tax Identification (EIN) No(s).(if any): 38-6004606

**NOTICE OF 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**

The City of Detroit, Michigan (the "City") has filed papers with the Court seeking entry of an order, pursuant to sections 105(a), 1125(b), 1126 and 1128 of the Bankruptcy Code and Bankruptcy Rules 2002, 3017, 3018, 3020, 9007 and 9008, approving certain procedures with respect to the *Amended Plan for the Adjustment of Debts of the City of Detroit*.

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one, in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)

If you do not want the court to grant the relief sought in the motion, or if you want the court to consider your views on the motion, you or your attorney must, by a date to be established by the court:

1. File with the court a written response or an answer, explaining your position at:¹

United States Bankruptcy Court
211 W. Fort Street, Suite 2100
Detroit, Michigan 48226

If you mail your response to the court for filing, you must mail it early enough so the court will receive it on or before the date set by the court. Registered users of the court's case filing system must file pleadings electronically.

¹ Any response or answer must comply with F. R. Civ. P. 8(b), (c) and (e).

You must also mail a copy to:

David G. Heiman
Heather Lennox
Thomas A. Wilson
JONES DAY
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114

Bruce Bennett
JONES DAY
555 South Flower Street
Fiftieth Floor
Los Angeles, California 90071

Jonathan S. Green
Stephen S. LaPlante
MILLER, CANFIELD, PADDOCK AND
STONE, P.L.C.
150 West Jefferson
Suite 2500
Detroit, Michigan 48226

2. If a response or answer is timely filed and served, the Court will schedule a hearing on the motion and you will be served with a notice of the date, time and location of the hearing.

If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the motion or objection and may enter an order granting that relief.

Dated: April 10, 2014

Respectfully,

/s/ Heather Lennox

David G. Heiman (OH 0038271)

Heather Lennox (OH 0059649)

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ATTORNEYS FOR THE CITY

EXHIBIT 4

Certificate of Service

I, Heather Lennox, hereby certify that the foregoing *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 10th day of April, 2014.

/s/ Heather Lennox

EXHIBIT 6A

Confirmation Hearing Notice

**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 OF (I) APPROVAL OF DISCLOSURE
STATEMENT, (II) HEARING TO CONSIDER
CONFIRMATION OF THE PLAN FOR THE ADJUSTMENT
OF DEBTS OF THE CITY OF DETROIT AND (III) PROCEDURES
AND DEADLINES REGARDING CONFIRMATION OF THE PLAN**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. **Approval of the Disclosure Statement.** On _____, 2014, the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court") entered an order (Docket No. ____) (the "Disclosure Statement Order") approving the *Amended Disclosure Statement with Respect to Amended Plan for the Adjustment of Debts of the City of Detroit* (as it may be amended, modified or supplemented, the "Disclosure Statement") filed by the City of Detroit, Michigan (the "City"). Accordingly, the City is authorized to solicit votes to accept or reject the *Amended Plan for the Adjustment of Debts of the City of Detroit* (as it may be amended, modified or supplemented, the "Plan").

2. **Approval of Solicitation Procedures.** On March 11, 2014, the Bankruptcy Court entered an order (Docket No. 2984) (the "Primary Solicitation Procedures Order") granting, with certain modifications as agreed upon by the City and certain parties in interest, the *Motion of the City of Detroit for Entry of an Order (I) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Plan of Adjustment and (II) Approving Notice Procedures Related to Confirmation of the Plan of Adjustment* (Docket No. 2789) (the "Primary Solicitation Procedures Motion"). On April _____, 2014, the Bankruptcy Court

entered an order (Docket No. _____) (the "Supplemental Solicitation Procedures Order") granting 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 "Supplemental Solicitation Procedures Motion").

3. **Confirmation Hearing.** A hearing to consider confirmation of the Plan (the "Confirmation Hearing") will be held on **July 16, 2014 at 9:00 a.m.**, Eastern Time, before the Honorable Steven W. Rhodes, United States Bankruptcy Judge, in the United States District Court, 231 W. Lafayette Blvd., Detroit, Michigan 48226. The Confirmation Hearing may be continued from time to time without further notice other than the announcement by the Court of the adjourned date at the Confirmation Hearing or any continued hearing. The Plan may be modified or supplemented prior to, during or as a result of the Confirmation Hearing in accordance with the terms of the Plan and section 942 and other applicable sections of the Bankruptcy Code, without further notice.

4. **Objections to the Plan.** If any holder of a claim in Class 10 or 11 under the Plan (each such holder, a "Pension Claimant") or in Class 12 under the Plan (each such holder, an "OPEB Claimant") wishes to object to confirmation of the Plan, any such objection must be filed with the Bankruptcy Court on or before **June 30, 2014**. All evidence in support of objections to the Plan must be submitted at or prior to the completion of the Confirmation Hearing. If a party files an objection to confirmation of the Plan that is not timely or otherwise does not comply with this paragraph, the objection will be denied and the party will not be heard at the Confirmation Hearings.

5. **Pension/OPEB Record Date.** The Bankruptcy Court has set **March 1, 2014** as the "Pension/OPEB Record Date" for purposes of voting on the Plan. A Pension Claimant or OPEB Claimant is only entitled to vote his or her Class 10, Class 11 and/or Class 12 claims against the City if such claims were held by such claimant as of the Pension/OPEB Record Date.

6. **Voting Deadline.** Votes to accept or reject the Plan must be received by the Balloting Agent by **5:00 p.m. Eastern Time on June 30, 2014**. Ballots that are received after this deadline will not be counted. Ballots must be delivered to Kurtzman Carson Consultants LLC, as balloting agent, via U.S. mail, overnight delivery or by hand. Ballots submitted by email, fax or any other electronic means will not be counted.

7. **Tabulation Rules.** The procedures for the tabulation of ballots cast by Pension Claimants and OPEB Claimants (the "Pension/OPEB Tabulation Rules") are set forth in Exhibit 6B to the Supplemental Solicitation Procedures Motion.

8. **PLAN INJUNCTIONS AND RELEASES**

The Plan provides for the following injunctive relief and releases:

a. **Plan Section III.D.5**

Section III.D.5 of the Plan provides:

On the Effective Date, except as otherwise provided herein or in the Confirmation Order,

- a. **all Entities that have been, are or may be holders of Claims against the City, Indirect 36th District Court Claims or Indirect Employee Indemnity Claims, along with their Related Entities, shall be permanently enjoined from taking any of the following actions against or affecting the City or its property, DIA Corp. or its property, the DIA Assets, the Released Parties or their respective property, the GLWA and its property (if a DWSD Transaction is consummated on or prior to the Effective Date) and the Related Entities of each of the foregoing, with respect to such claims (other than actions brought to enforce any rights or obligations under the Plan and appeals, if any, from the Confirmation Order):**
 1. **commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind against or affecting the City or its property (including (A) all suits, actions and proceedings that are pending as of the Effective Date, which must be withdrawn or dismissed with prejudice, (B) Indirect 36th District Court Claims and (C) Indirect Employee Indemnity Claims);**
 2. **enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or**

- indirectly, any judgment, award, decree or order against the City or its property;
3. creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the City or its property;
 4. asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due the City or its property;
 5. proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan or the settlements set forth herein to the extent such settlements have been approved by the Bankruptcy Court in connection with Confirmation of the Plan; and
 6. taking any actions to interfere with the implementation or consummation of the Plan.
- b. All Entities that have held, currently hold or may hold any Liabilities released or exculpated pursuant to the Plan will be permanently enjoined from taking any of the following actions against the State, the State Related Entities and the Released Parties or any of their respective property on account of such released Liabilities: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind; (ii) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree or order; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any lien; (iv) asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due the State, a State Related Entity or a Released Party; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

b. **Plan Section III.D.7**

Section III.D.7 of the Plan provides:

Without limiting any other applicable provisions of, or releases contained in, the Plan or any contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan, as of the Effective Date, in consideration for the obligations of the City under the Plan and the consideration and other contracts, instruments, releases, agreements or documents to be entered into or delivered in connection with the Plan (including the State Contribution Agreement):

- a. each holder of a Claim that votes in favor of the Plan, to the fullest extent permissible under law, will be deemed to forever release, waive and discharge all Liabilities in any way relating to the City, the Chapter 9 Case, the Plan, the Exhibits or the Disclosure Statement that such entity has, had or may have against the City, its Related Entities, the State, the State Related Entities and the Released Parties (which release will be in addition to the discharge of Claims provided herein and under the Confirmation Order and the Bankruptcy Code), provided, however, that the foregoing provisions shall not affect the liability of the City, its Related Entities and the Released Parties that otherwise would result from any act or omission to the extent that act or omission subsequently is determined in a Final Order to have constituted gross negligence or willful misconduct; and**
- b. if the State Contribution Agreement is consummated, each holder of a Pension Claim will be deemed to forever release, waive and discharge all Liabilities arising from or related to the City, the Chapter 9 Case, the Plan, all Exhibits, the Disclosure Statement, PA 436 and its predecessor or replacement statutes, and Article IX, § 24 of the Michigan Constitution that such party has, had or may have against the State and any State Related Entities.**

9. **Additional Information.** Requests for copies of the Disclosure Statement and the Plan may be made in writing to the Balloting Agent at Detroit Ballot Processing, c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, CA 90245 or by telephone at (877) 298-6236. In addition, any party may review the Plan, the Disclosure Statement, the Primary Solicitation Procedures Motion, the Primary Solicitation Procedures Order, the Supplemental Solicitation Procedures Motion, the Supplemental Solicitation Procedures Order and other relevant documents filed in this case, without charge, at <http://www.kccllc.net/detroit>.

Dated: _____, 2014

BY ORDER OF THE COURT

/s/ Heather Lennox
David G. Heiman (OH 0038271)
Heather Lennox (OH 0059649)
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ATTORNEYS FOR THE CITY

Exhibit 6B

Pension/OPEB Tabulation Rules

PROPOSED RULES FOR TABULATION OF PENSION/OPEB BALLOTS

- I. The following procedures (the "Claim Estimation Procedures")¹ 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.

¹ 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. 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.
- XI. 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. 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
: :
-----X

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

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, 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 "Amended Disclosure Statement with Respect to 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. 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 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; 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 PFRS **[and other letters recommending that you vote to accept or reject the Plan.]**
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, (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.

<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 Plan¹</i>
PFRS
<p>6% reduction in current and future monthly pension payments + elimination of cost of living adjustment ("<u>COLA</u>") (<i>i.e.</i>, you will receive 94% of your current pension but no COLAs over your lifetime). COLAs are also called "escalators" in PFRS labor contracts.</p> <p>COLAs are approximately 18% of the total value of PFRS benefits; the value of the COLA to you depends largely upon your age and the size of your current pension</p> <p>The total average reduction is about 24%; yours could be more or less [Hard Freeze]</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>
PFRS
<p>14% reduction in current and future monthly pension payments + elimination of COLAs (<i>i.e.</i>, you will receive 86% of your current pension but no COLAs over your lifetime). COLAs are also called "escalators" in PFRS labor contracts.</p> <p>COLAs are approximately 18% of the total value of PFRS benefits; the value of the COLA to you depends largely upon your age and the size of your current pension</p> <p>The total average reduction is about 32%; yours could be more or less [Hard Freeze]</p>

¹ The Plan also contemplates that benefits may be reduced more than 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 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 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% 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 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 to receive \$28,200 per year, and it will not be increased annually. He will receive \$28,200 annually for life.

But if Classes 10 and 11 do not accept the Plan, John Smith will begin to receive \$25,800 per year, and it will not be increased annually. He will receive \$25,800 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% 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 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 per year, and it will not be increased annually. She will receive \$28,200 annually for life.

But if Classes 10 and 11 do not accept the Plan, Jane Jones will begin to receive \$25,800 per year, and it will not be increased annually. She will receive \$25,800 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 by 6-14% 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 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 ("DROP"), either for your frozen benefit or for your New Accrued Pension.

Example 3: John Johnson is age 42. As of July 1, 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 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 the 2.25% COLA. At retirement, Johnson will receive the following: (i) an annual \$28,200 pension under the old formula, plus (ii) an annual \$7,500 pension under the PFRS New Accrued Pension, for a total annual pension for life of \$35,700.

But if Classes 10 and 11 do not approve the Plan, John Johnson will receive at retirement \$33,300 per year (\$25,800 + \$7,500), and it will not be increased annually. He will receive \$33,300 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 [\$___] 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 level² of PFRS significantly improves. This restoration may occur if (a) the investment returns on

² "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%.

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. The precise amount of the restoration within these categories will be determined by the PFRS trustees, and at least a majority of such trustees will be independent 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.**

Example 4: John Smith, age 70, has his current \$30,000 annual pension reduced to \$28,200 per year. In other words, he had his pension reduced by \$1,800. 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 in 2014. The PFRS trustees, based on the advice of the PFRS actuaries, determine that the \$200 million will fund 30% of the pension amount that was taken away. 30% of \$1,800 is \$540. Beginning July 1, 2018, Smith will have \$540 of his pension restored and he will receive \$28,740 for life.

Fund for Income Stabilization

The trusts of each of GRS and PFRS will be amended to provide a supplemental pension income stabilization benefit ("**Income Stabilization Benefit**") to each Qualified Pensioner (defined below) equivalent to the lesser of (a) the amount needed to restore the individual's reduced pension payment to the amount of the pension payment that the Qualified Pensioner received in actual dollars in 2013; or (b) the amount needed to bring the total household income of the Qualified 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.

"Qualified Pensioners" are those retirees or surviving spouses who are at least 60 years of age at the time of the Plan confirmation or those minor children 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 household income equal to or less than 140% of the Federal Poverty Line 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.

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.³ 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 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 + 14% for PFRS).

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 or argue that the City did not have the power to reduce pensions.

³ Specifically, this release would release all claims and liabilities arising from or related to the City, 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 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
: :
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**NOTICE REGARDING PROPOSED CHANGES TO
PENSIONS IN THE CITY'S PLAN OF ADJUSTMENT**

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, 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 "Amended Disclosure Statement with Respect to 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. 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. A letters from GRS [**and other letters recommending that you vote to accept or reject the Plan.**]
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, (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 Plan¹</i>
GRS
<p>26% reduction in current and future monthly pension payments + elimination of COLA <i>(i.e., you will receive 74% of your current pension but no COLAs over your lifetime)</i></p> <p>COLAs are approximately 13% of the total value of GRS benefits; 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 39%; 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>
GRS
<p>34% reduction in current and future monthly pension payments + elimination of COLAs <i>(i.e., you will receive 66% of your current pension but no COLAs over your lifetime)</i></p> <p>COLAs are approximately 13% of the total value of GRS benefits; 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 47%; yours could be more or less</p>

¹ The Plan also contemplates that benefits may be reduced more than COLA + 26% 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.

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, 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 in your monthly pension check (if you are a retiree or a surviving spouse) 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 26-34% depending on whether all of the Outside Funding is available. The size of that reduction will depend upon whether you also participated in the Annuity Savings Fund between 2003 and 2013 and received a distribution from the Annuity Savings Fund. If you did participate in and receive a distribution from the Annuity Savings Fund, 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 13% 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 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 26-34% 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 the Annuity Savings Fund between 2003 and 2013 and received a distribution from the Annuity Savings Fund. If you did participate in and receive a distribution from the Annuity Savings Fund, 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% 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 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 26-34% 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 "GRS Adjusted Pension Amount." In addition, you will not receive any future COLAs to your pension payments. For GRS, COLAs represent about 13% 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 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 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 13-17.

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 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 level² 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 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. **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.**

² "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%.

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-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 the accumulated contributions plus the investment earnings credited to that individual account. Also, 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 lump sum.

"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,³ **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, 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 (ii) reducing monthly pension checks of current 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. Under the Plan, the recovery – called "**recoupment**" in the Plan – will work as follows:

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.**" Your Annuity Savings Fund Excess Amount 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. Your Class 11 GRS Ballot will show your Annuity Savings Fund Excess Amount

³ This range is consistent with the range approved by a City Council ordinance in 2011.

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 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 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 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 "**Annuity Savings Fund Excess Amount.**" Your Annuity Savings Fund Excess Amount 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 is converted into a monthly annuity for life, it is equivalent to a \$1,500 annual pension.

If Classes 10 and 11 approve the Plan, Jeffrey Gray's pension will be reduced to [\$ _____]. This represents a \$_____ reduction in his pension. Of the [\$ _____], \$1,500 is attributable to the Annuity Savings Fund Excess Amount, and the remainder is attributable to the ___% across-the-board pension reduction. Gray will begin to receive \$_____ per year, and it will not be increased annually. He will receive \$_____ annually for life.

But if Classes 10 and 11 do not approve the Plan, Gray will begin to receive \$_____ per year, and it will not be increased annually. He will receive \$_____ annually for life.

Example 2: Robert Green is age 42 and an active employee. As of July 1, 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. 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 \$_____, 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. When he retires in 10 years, Johnson will receive the following: (i) the then value of his ASF account; (ii) an annual \$_____ pension under the old formula; plus (iii) an annual \$7,500 pension under the GRS New Accrued Pension, for a total annual pension for life of \$_____. The pension amount will not be increased annually.

But if Classes 10 and 11 do not approve the Plan, Green will receive at retirement \$_____ per year at retirement (\$_____ + \$7,500), and it will not be increased annually. He will receive \$33,300 annually for life.

Example 3: Jill Blue, age 60, has her current \$30,000 annual pension reduced to \$_____ 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. Of the \$_____ reduction in Blue's pension, \$_____ is attributable to the annuity value of her \$25,000 Annuity Savings Fund Excess Amount. The remainder of the reduction, \$_____, is attributable to the ___% 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 \$_____ is \$_____. Beginning July 1, 2018, Jill Blue will have \$_____ of her pension restored and will receive \$_____ for life.

Fund for Income Stabilization

The trusts of GRS will be amended to provide a supplemental pension income stabilization benefit ("**Income Stabilization Benefit**") to each Qualified Pensioner (defined below) equivalent to the lesser of (a) the amount needed to restore the individual's reduced pension payment to the amount of the pension payment that the Qualified Pensioner received in actual dollars in 2013 or (b) the amount needed to bring the total household income of the Qualified 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.

"**Qualified Pensioners**" are those retirees or surviving spouses who are at least 60 years of age at the time of the Plan confirmation or those minor children 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 household income equal to or less than 140% of the Federal Poverty Line 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.

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.⁴ 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 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).

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

⁴ Specifically, this release would release all claims and liabilities arising from or related to the City, 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 cuts 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**

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 HEALTH & LIFE INSURANCE 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 in the Plan and to contribute to that new entity 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, 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 "Amended Disclosure Statement with Respect to 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 amount of all OPEB Claims for purposes of voting on the Plan is \$_____. 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 \$_____ 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; 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 and/or GRS [**and other letters recommending that you vote to accept or reject the Plan.**]
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 a voluntary employee beneficiary association trust, known as a "VEBA." The VEBA will be responsible for providing retiree health and other welfare benefits beginning January 1, 2015 to existing retirees, surviving beneficiaries and their 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.

The VEBA will be operated, and its assets managed, by a board of trustees. The board will be comprised of retiree representatives and independent professionals, and 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, 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.

How much the 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 VEBA trust will last since that will depend upon the benefits to be provided. It is likely, however, that the amount of the note to be provided to the 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 in March 2014. Further, the value of the healthcare that may be provided to retirees by the 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 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 VEBA trust under the Plan and the exercise of their reasonable discretion.

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 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.¹ 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.

¹ Specifically, this release would release all claims and liabilities arising from or related to the City, 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 :
: Chapter 9
: CITY OF DETROIT, MICHIGAN, :
: Case No. 13-53846
: Debtor. :
: 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 *AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (MARCH 31, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").¹

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.

¹ 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 *Amended Disclosure Statement with Respect to Amended Plan for the Adjustment of Debts of the City of Detroit (March 31, 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 the amount from Line 1 by 0.94 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 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.

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

The amount you entered in Line 3 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 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.

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, Article IV.H 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.

**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.G, Article IV.H 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) from PFRS 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

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 :
: Chapter 9
: CITY OF DETROIT, MICHIGAN, :
: Case No. 13-53846
: Debtor. : 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 *AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (MARCH 31, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").¹

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.

¹ 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 *Amended Disclosure Statement with Respect to Amended Plan for the Adjustment of Debts of the City of Detroit (March 31, 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:

Current Monthly Pension Payment: \$[_____]

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 PFRS. Under this alternative, your monthly pension payments are estimated to change as follows:

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 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.

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, Article IV.H 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.

**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.G, Article IV.H 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) from the PFRS 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

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 :
 : Chapter 9
 :
CITY OF DETROIT, MICHIGAN, :
 : Case No. 13-53846
 :
Debtor. : 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 *AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (MARCH 31, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").¹

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.

¹ 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 *Amended Disclosure Statement with Respect to Amended Plan for the Adjustment of Debts of the City of Detroit (March 31, 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 4: Multiply the amount in Line 3 by 0.74 and enter the result here: _____

Line 5: Divide the amount in Line 4 by 12 and enter the result here: _____

The amount you entered in Line 5 is your estimated future monthly pension payment.

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 4: Multiply the amount in Line 3 by 0.66 and enter the result here: _____

Line 5: Divide the amount in Line 4 by 12 and enter the result here: _____

The amount you entered in Line 5 is your estimated future monthly pension payment.

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 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.

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@kcellc.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, 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.

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) 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.

Annex II

COLA Charts

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 :
: Chapter 9
: CITY OF DETROIT, MICHIGAN, :
: Case No. 13-53846
: Debtor. :
: 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 *AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (MARCH 31, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").¹

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.

¹ 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 *Amended Disclosure Statement with Respect to Amended Plan for the Adjustment of Debts of the City of Detroit (March 31, 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:

Current Monthly Pension Payment:	\$[_____]
Less: Estimated Annuity Savings Fund Monthly Recoupment:	\$[_____]
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:

Current Monthly Pension Payment:	\$[_____]
Less: Estimated Annuity Savings Fund Monthly Recoupment:	\$[_____]
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 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.

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, 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 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.

**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.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.

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) 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

Exhibit 6D.5

Class 12 Ballot

Ballot, 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

**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 *AMENDED PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT (MARCH 31, 2014)* (AS IT MAY BE AMENDED, SUPPLEMENTED OR MODIFIED, THE "PLAN").¹

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.

¹ 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 *Amended Disclosure Statement with Respect to Amended Plan for the Adjustment of Debts of the City of Detroit (March 31, 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.

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, Article IV.H 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.

**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.G, Article IV.H 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) letter(s) from the PFRS or GRS, as applicable, 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