

# **EXHIBIT B**

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

IN RE:

Chapter 9

City of Detroit, Michigan,

Case No. 13-53846

Debtor.

Hon. Steven W. Rhodes

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**DECLARATION OF DANIEL F. McNAMARA  
IN SUPPORT OF OBJECTION OF THE DETROIT FIRE FIGHTERS  
ASSOCIATION, THE DETROIT POLICE OFFICERS ASSOCIATION,  
THE DETROIT POLICE LIEUTENANTS & SERGEANTS ASSOCIATION  
AND THE DETROIT POLICE COMMAND OFFICERS ASSOCIATION  
TO DEBTOR'S BANKRUPTCY PETITION AND STATEMENT OF  
QUALIFICATIONS UNDER 11 U.S.C. SECTION 109(c)**

I, Daniel F. McNamara, declare as follows:

1. I am President of the Detroit Fire Fighters Association, Local 344, IAFF, AFL-CIO (DFFA). I make this declaration based on my personal knowledge, and if called upon to do so, I could and would testify to the facts set forth herein.

2. The DFFA consists of all active Detroit fire fighters of all ranks. It has just under 800 current active members. My responsibilities, as quoted from our Constitution and By-Laws (Article X Section 3), are as follows: "It shall be the duty of the President to preside at all meetings of the Local and at meetings of the

Executive Board and Board of Directors. He shall be the executive head of the Local. He shall be a member ex-officio of all committees. He shall appoint such committees as may be provided for in this Constitution and By-Laws and such special committees as may be authorized by the Local. He shall enforce strict observance of the Constitution and By-Laws of the International as this document relates to the Local and the Constitution and By-Laws of the Local. He shall have general supervision of the activities of the other officers and chairmen of committees." I would also consider the President to be in charge of all negotiations and other activities to which the Local may be obligated by Federal, State, and Local laws, as well as ordinances, charters, and contracts.

3. This declaration is submitted in support of the Objection of the Detroit Fire Fighters Association, the Detroit Police Officers Association, the Detroit Police Lieutenants & Sergeants Association and the Detroit Police Command Officers Association to Debtor's Bankruptcy Petition and Statement of Qualifications under 11 U.S.C. Section 109(c).

4. The DFFA received a letter from Lamont Satchel dated June 25, 2013. This letter was in regard to "Termination of 2009-2013 Collective Bargaining Agreement." It stated, "Pursuant to its Duration provisions, the City hereby gives notice that the 2009-2013 Collective Bargaining Agreement between the City and

the Detroit Fire Fighters Association will not be extended beyond 11:59 PM, June 30, 2013.”

5. Days later, on June 28, 2013, the DFFA received another letter from Lamont Satchel regarding "Terms and Conditions of employment following the expiration of the 09-13 Collective Bargaining Agreement (CBA)." It carried an addendum of "Economic Changes to be implemented effective July 1, 2013."

The June 28 letter also stated that, "The City is available to meet with the DFFA Executive Board to answer any questions about the items in the Addendum. Please advise as to your availability during the week of July 8, 2013. The City will also provide a timetable to meet with DFFA Executive Board to review the other terms and conditions to be implemented after expiration of the current CBA."

6. I responded on July 1, 2013 to the City's June 28 letter. I responded, "The DFFA Executive Board is available to meet with you about the items in the 'addendum' at any time next week. However, since we have another meeting on Wednesday, July 10, 2013 in CAYMC at 3:30 p.m. I suggest that we schedule our meeting for that day."

7. The City and the DFFA did meet over the clarification of the addendum but have never had a meeting or been notified about any other changes to be implemented after the expiration date of the CBA. We did receive a letter dated July 26, 2013 informing the DFFA that the 10% wage cut for our members

who had not received one yet would be implemented in the August 16, 2013 paycheck.

8. On July 12, 2013, the DFFA and the other Detroit Public Safety Unions sent a letter to Jones Day about the City's failure to provide specific proposals for pension restructuring at our July 10 meeting with the City. (Exhibit 1). On July 17, the City responded to our July 12 letter. (Exhibit 2). In its response, the City failed to provide any substantive proposals in its letter. Instead, the letter merely reiterated the City's promise to negotiate.

9. The following day, July 18, 2013, the City filed its bankruptcy petition.

10. In addition, in early 2013, prior to the March 28, 2013 effective date of Public Act 436, the DFFA attempted to get eligibility for Act 312. We worked with a Michigan Employment Relations Commission (MERC) mediator to commence mediation in order to put forth a timely application. We were not successful because of a lack of any real bargaining with the City as well as a subsequent MERC decision.

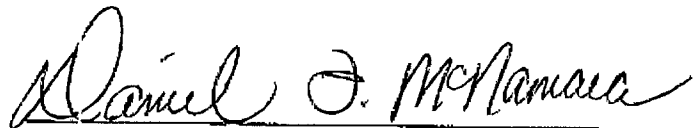
11. It was during this time that, at a meeting between the DFFA and City representatives, Mr. John Willems, labor negotiator for the City, responded to our questions as to what we will see in our City Employment Terms by saying, "You know what we want. You can figure it out for yourselves." The City's

unwillingness to even disclose the terms it intended to impose made it clear that the City had no intention of negotiating further with the DFFA.

12. At an August 2, 2013 meeting with representatives from Jones Day, we were presented with an outline of the new health care plans the City intends to impose on the DFFA effective January 1, 2014. Among other imposed changes, that proposal will increase the out-of-pocket costs for health care for DFFA members with insured dependents by \$3000 per year.

13. At our meetings with representatives from Jones Day, we have, at times, asked if the discussions we had were negotiations. They were very clear with us in asserting that these were not negotiations but that they looked forward to input and suggestions from us. These sessions were mainly presentations with minimal explanations of the data, nothing more.

Dated: August 19, 2013



Daniel F. McNamara

# Exhibit 1



# DETROIT FIRE FIGHTERS ASSOCIATION

I.A.F.F. Local 344 • Organized May 1933

243 West Congress, Suite 644 • Detroit, MI 48226-3217  
(313) 962-7546 • (313) 962-7899 fax • www.dffa344.org

Daniel F. McNamara  
President

Jeffrey M. Pegg  
Vice President

Teresa S. Sanderfer  
Secretary

Robert A. Shinske  
Treasurer

Evan Miller  
Jones Day  
51 Louisiana Avenue, N.W.  
Washington, DC 20001-2113  
emiller@jonesday.com

David G. Heiman  
Jones Day  
901 Lakeside Avenue  
Cleveland, OH 44114-1190  
dgheiman@jonesday.com

July 12, 2013

**Directors**

- E. Carrington
- C. Manczuk
- J. Berlin
- R. Jones
- D. McLaurin
- J. Pliech
- R. Foster
- D. Small

RE: City of Detroit Pension Restructuring

Gentlemen:

This letter is a follow-up to the July 10 3:30 p.m. meeting set by the City to discuss "pension restructuring proposals."

During that meeting, you discussed, in general terms, the City's interest in reaching agreements on funding liability to the PFRS Pension Fund, actuarial assumptions and amortization schedules.

Daniel Delegato  
President Emeritus

You also stated that you wished to discuss pension restructuring proposals. You then were asked, by DPOA President Mark Diaz, for specific City pension benefit restructuring proposals. You declined to give any specific proposals. Instead, while acknowledging that the City does not necessarily have the best or only ideas on how to "restructure" pension benefits, you invited us to submit proposals.

We are reviewing and will provide the City with specific proposals.

But, it would be productive if the City could provide us with its specific proposals on pension benefit restructuring as soon as possible. We have had two meetings with the City where pension benefits were addressed and still have only the City's general observation that pension benefits must be reduced.

We look forward to the next opportunity to meet. We hope that, sufficiently prior to our next meeting, the City will have provided us with specific proposals on pension benefit restructuring so that our meetings can be genuinely good faith negotiations on the City's debt.

DANIEL F. McNAMARA, President  
DETROIT FIRE FIGHTERS ASSOCIATION

Sincerely,

STEVE DOLUNT, President  
DETROIT POLICE COMMAND  
OFFICERS ASSOCIATION

MARK YOUNG, President  
DETROIT POLICE NEUTENANTS  
& SERGEANTS ASSOCIATION

MARK DIAZ, President  
DETROIT POLICE OFFICERS  
ASSOCIATION

Affiliated

International Association of Fire Fighters  
AFL-CIO

Michigan State  
AFL-CIO

Metropolitan Detroit  
AFL-CIO



# Exhibit 2

# JONES DAY

51 LOUISIANA AVENUE, N.W. • WASHINGTON, D.C. 20001,2113  
TELEPHONE: +1.202.679.3939 • FACSIMILE: +1.202.626.1700

DIRECT NUMBER: (202) 679-3840  
EMILLER@JONESDAY.COM

July 17, 2013

Mr. Daniel F. McNamara  
President  
Detroit Fire Fighters Association  
Suite 644  
243 West Congress  
Detroit, Michigan 48226-3217

Mr. Steve Dolunt  
President  
Detroit Police Command Officers Association  
Post Office Box 2625  
Detroit, Michigan 48202

Mr. Mark Young  
President  
Detroit Police Lieutenants  
& Sergeants Association  
Suite 700  
28 West Adams  
Detroit, Michigan 48226

Mr. Mark Diaz  
President  
Detroit Police Officers Association  
1938 East Jefferson Street  
Detroit, Michigan 48207

**Re: City of Detroit Pension Restructuring**

Gentlemen:

Thank you for your letter of July 12, 2013, and thank you further for continuing to discuss in good faith the difficult issue of pension restructuring. The Office of the Emergency Manager appreciates your strong cooperation.

Consistent with the position Dave Heiman and I expressed at the meeting, we still think it makes sense to first try to reach common ground with key unions and association leaders on actuarial assumptions and methods, and the amount of PFRS underfunding, and then tackle contributions and attendant benefit changes. Nonetheless, we are interested in hearing any pension benefit redesign thinking and proposals that come from key union leadership, including ideas to avoid a freeze. We stand ready to meet to discuss such ideas.

We also took seriously the concern expressed at our meeting last Thursday on two issues: (1) that the City's retiree health proposal for uniform retirees should include amounts for pre-age 55 early retirees and not begin at age 55; and (2) if there were to be a hard freeze at PFRS, active employees who do not have sufficient service at the freeze date to obtain a vested pension be given an opportunity to earn such service and not lose their entire pensions. The City's advisors are looking hard at those issues and we intend to report back to you shortly.

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ALKHOBAR • AMSTERDAM • ATLANTA • BEIJING • BOSTON • BRUSSELS • CHICAGO • CLEVELAND • COLUMBUS • DALLAS  
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MEXICO CITY • MIAMI • MILAN • MOSCOW • MUNICH • NEW YORK • PARIS • PITTSBURGH • RIYADH • SAN DIEGO  
SAN FRANCISCO • SÃO PAULO • SHANGHAI • SILICON VALLEY • SINGAPORE • SYDNEY • TAIPEI • TOKYO • WASHINGTON

Mr. Daniel F. McNamara  
Mr. Steve Dolunt  
Mr. Mark Young  
Mr. Mark Diaz  
July 17, 2013  
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JONES DAY

Thank you for your letter and please keep the lines of communication open.

Sincerely,

A handwritten signature in black ink, appearing to read 'Evan Miller', with a stylized, cursive script.

Evan Miller

cc: David G. Heiman, Esq.

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