



UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF MICHIGAN
THEODORE LEVIN UNITED STATES COURTHOUSE
231 W. LAFAYETTE BOULEVARD
DETROIT, MICHIGAN 48226

DIVISIONAL OFFICES
ANN ARBOR
BAY CITY
FLINT
PORT HURON

April 15, 2014

STATEMENT OF DETROIT BANKRUPTCY MEDIATORS

The Mediators are pleased to announce that the City of Detroit and the Retired Detroit Police and Fire Fighters Association (“RDPFFA”) have reached an agreement on the treatment of pension and health benefits for retired Detroit and firefighters. The agreement between the RDPFFA is the first agreement that the City has reached with a group of its retired workers and is particularly significant as the RDPFFA is the one of the City’s oldest and largest employee associations, dating back to 1946. It has approximately 6500 members, which is more than 80% of Detroit’s eligible retired police officers and firefighters.

The mediated agreement approved unanimously by the RDPFFA’s board today is contingent upon full funding of the so-called Grand Bargain, and under this agreement, the uniformed retirees would experience no cuts to their current pension benefits, and would receive almost half of their COLA benefits going forward. Further, depending upon the performance of the Police and Firefighters Retirement System (“PFRS”), there is also the possibility of full restoration of COLA benefits under the Plan of Adjustment. In addition, a separate PFRS Voluntary Employee Beneficiary Association plan (“VEBA”) for PFRS retiree healthcare will be established. Finally, the PFRS retirees will have a meaningful voice and retain a vote on the new pension board.

This settlement agreement was reached after intensive negotiating sessions over the past several months in which the parties interests were fully and vigorously represented by counsel and all issues robustly negotiated. The Mediators wish to express their appreciation to the parties, their counsel and advisors for the good faith spirit and professionalism in which they engaged the Mediators and each other in the many mediation sessions.

The Mediators are privileged to have assisted the parties to find common ground in reaching a resolution that reflects not only a fair settlement for the parties, but also recognizes the years of faithful service and the important role the police and fire fighter retirees have played in serving and protecting the City over so many years. As the mediation process accelerates, the Mediators hope that this settlement will encourage all of the remaining parties to the bankruptcy to re-double their mediation efforts to reach meaningful agreements which can be incorporated into a fair and balanced agreed-upon Plan of Adjustment to be presented to the Bankruptcy Court for confirmation.

Updates will be provided if and when appropriate.