



---

**EMERGENCY MANAGER  
CITY OF DETROIT**

**ORDER No. 16**

**ORDER DIRECTING CERTAIN CITY EMPLOYEES TO PROVIDE  
INFORMATION TO THE EMERGENCY MANAGER**

---

BY THE AUTHORITY VESTED IN THE EMERGENCY MANAGER  
FOR THE CITY OF DETROIT  
PURSUANT TO MICHIGAN'S PUBLIC ACT 436 OF 2012,  
KEVYN D. ORR, THE EMERGENCY MANAGER,  
ISSUES THE FOLLOWING ORDER:

---

*Whereas*, on March 28, 2013, Michigan Public Act 436 of 2012 ("PA 436") became effective and Kevyn D. Orr became the Emergency Manager ("EM") for the City of Detroit (the "City") with all the powers and duties provided under PA 436; and

Pursuant to section 9(2) of PA 436, the EM "shall act for and in the place and stead of" the Detroit Mayor and City Council; and

Section 9(2) of PA 436 also grants the EM "broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the [City] and the [City's] capacity to provide or cause to be provided necessary governmental services essential to the public health, safety, and welfare;" and

Pursuant to section 10(1) of PA 436, the EM may "issue to the appropriate local elected and appointed officials and employees, agents, and contractors of the local government the orders the emergency manager considers necessary to accomplish the purposes of this act, including, but not limited to, orders for the timely and satisfactory implementation of a financial and operating plan" or "to take actions, or refrain from taking actions, to enable the orderly accomplishment of the financial and operating plan;" and

Section 12(1)(a) of PA 436 authorizes the EM, "notwithstanding any charter

provision to the contrary,” to “[a]nalyze the factors and circumstances contributing to the financial emergency of the local government and initiate steps to correct the condition;” and

Section 12(1)(f) of PA 436 authorizes the EM, “notwithstanding any charter provision to the contrary,” to “[e]xamine all records and books of account, and require under the procedures of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, or 1919 PA 71, MCL 21.41 to 21.55, or both, the attendance of witnesses and the production of books, papers, contracts, and other documents relevant to an analysis of the financial condition of the local government;” and

Section 12(1)(ee) of PA 436 authorizes the EM, “notwithstanding any charter provision to the contrary,” to “[t]ake any other action or exercise any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government, whether elected or appointed, relating to the operation of the local government. The power of the [EM] shall be superior to and supersede the power of any of the foregoing officers or entities;” and

Pursuant to section 27 of PA 436 “local elected and appointed officials and employees, agents, and contractors of a local government shall promptly and fully provide the assistance and information necessary and properly requested by the...emergency manager in the effectuation of [his] duties and powers and of the purposes of [PA 436];” and

The City is experiencing a financial emergency with \$18 billion in estimated liabilities. Collectively, the City of Detroit General Retirement System (“GRS”) and the City of Detroit Police and Fire Retirement System (“PFRS” and, together with GRS, the “Pension Funds”) are estimated to be underfunded by approximately \$3.5 billion; and

The EM was appointed to, among other things, safeguard and assure the financial accountability of the City; provide or cause to be provided the necessary services essential to the public health, safety, and welfare; and prescribe remedial measures to address the City’s financial emergency. This requires the EM to examine certain records, books and other documents, data and information related to the Pension Funds as part of the City’s overall financial and operational restructuring; and

The EM has determined that certain City employees, in their City offices, possess or have access to records, books and other documents, data and information related to the Pension Funds; and

The EM believes, at this point in time, that to effectively address the City’s financial emergency it is in the City’s best interests to require that certain City employees provide the EM and his advisors with certain records, books and other documents, data and information related to the Pension Funds in their possession; and

**It is hereby ordered that:**

1. Those individuals identified on Appendix A are hereby directed to provide the EM with records, books and other documents, data and information in their possession in response to the questions and information and data requests attached hereto as Appendix C, and to complete the exhibits to Appendix C, no later than Friday, October 11, 2013.
2. Those individuals identified on Appendix B are hereby directed to provide the EM with records, books and other documents, data and information in their possession in response to the questions and information and data requests attached hereto as Appendix D, and to complete the exhibits to Appendix D, no later than Friday, October 11, 2013.
3. City employees referenced in paragraphs 1 and 2 of this Order shall supplement any responses to the questions and information requests contained in Appendices C and D as necessary to ensure the accuracy of the answers provided in response to such requests.
4. If any component of this Order is declared illegal, unenforceable or ineffective by a court of competent jurisdiction, such component shall be deemed severable so that all other components contained in this Order shall remain valid and effective.
5. This Order is effective immediately upon the date of execution below and shall remain in full force and effect until the City's financial emergency has been rectified in accordance with section 22 of PA 436.
6. The EM may modify, amend, rescind, replace, supplement or otherwise revise this Order at any time.
7. This Order shall be distributed to the Mayor, City Council members and all department heads.

Dated: September 25, 2013

By: 

Kevyn D. Orr  
Emergency Manager  
City of Detroit

cc: State of Michigan Department of Treasury  
Mayor David Bing  
Members of Detroit City Council

## APPENDIX A

### General Retirement System

1. David Clark
2. Tasha Cowan
3. Lou Hatty
4. Cheryl Johnson
5. John Riehl
6. Saunteel Jenkins
7. Medina Noor
8. Cynthia Thomas

## APPENDIX B

### Police & Fire Retirement System

1. Mark Diaz
2. Edsel Jenkins
3. Cheryl Johnson
4. Brenda Jones
5. Tanya Stoudemire
6. James Moore
7. Sean Neary
8. George Orzech
9. Jeffrey Pegg
10. Matthew Gnatek
11. Lamont Satchel
12. James Edwards
13. Cynthia Thomas

## APPENDIX C

### **Supplemental Information and Document Request Relating to the City of Detroit General Retirement System ("GRS" or "the System")**

**RE: (1) Annuity Saving Fund and 13<sup>th</sup> Checks; (2) General Information Relating to System Operation Based Upon Most Recent Valuation Report and Data Previously Provided to the Emergency Manager; (3) 1998 Defined Contribution Plan/Election for Retroactive Coverage in the Event of In-Service Death**

---

#### **INFORMATION AND DOCUMENT REQUEST RE: ANNUITY SAVINGS FUND AND 13<sup>TH</sup> CHECKS**

1. Completion of the attached chart (Exhibit 1/Regular Interest Crediting plus Excess Earnings Allocation). **Regular Interest** has the meaning and usage given such term in City of Detroit Ordinance §§ 47-1-21 and 47-2-18, as declared by the Board of Trustees of the City of Detroit General Retirement System ("**Board**") for a fiscal year. **Excess Earnings** means the balance of the Income Fund in a fiscal year after crediting Regular Interest to the funds of the GRS pursuant to the provisions of City of Detroit Ordinance § 47-2-18.
2. All available information and documentation supporting determination of the total amount of Excess Earnings from fiscal year ending ("FYE") June 30, 1985 through FYE June 30, 2013 ("**Request Period**"), including, but not limited to:
  - a. Documents, reports and analysis summarizing the total amounts credited to the Income Fund at the end of each fiscal year during the Request Period.
  - b. Documents, reports and analysis showing the total amounts credited in the aggregate to GRS Funds as Regular Interest and the amounts credited to each individual GRS Fund as Regular Interest for each fiscal year during the Request Period, including the fund balances used to determine the Regular Interest to be credited to each individual GRS Fund.
  - c. Documents, reports and analysis supporting the determination of Regular Interest declared by the Board (i.e., actuarial reports, other) for each fiscal year during the Request Period.
  - d. Any relevant Board minutes (including opinions of legal counsel and/or actuarial reports delivered or discussed at Board meetings)

documenting consideration, determination and/or declaration of Regular Interest, the determination of the amount of Excess Earnings, and the methodology for allocating Excess Earnings, including minutes from all Board meetings where interest allocations and distributions were discussed, during the Request Period.

3. All available information and documentation relating to interest credited to the **Annuity Savings Funds ("ASF")** during the Request Period, including, but not limited to:
  - a. Documents, reports and analysis summarizing the Regular Interest credited to the ASF, along with the ASF balances and any underlying additional criteria used to determine Regular Interest credited to the ASF for the Request Period.
  - b. Documents, reports and analysis summarizing interest in excess of Regular Interest ("**Special Interest**") credited from Excess Earnings to the ASF, along with the ASF balances and any underlying additional criteria used to determine Special Interest credited to ASF for the Request Period.
  - c. A description of the process used to determine amounts allocated to the ASF during the Request Period.
  - d. The document(s) that authorized or approved the allocation of Special Interest to the ASF during the Request Period.
  - e. Documents, reports, analysis, and any additional information relating to the basis for the Board's determination of Regular Interest and Special Interest credited to the ASF (i.e., actuarial reports, other) for each fiscal year during the Request Period.
  - f. Any relevant Board minutes (including opinions of legal counsel and/or actuarial reports delivered or discussed at Board meetings) documenting consideration, determination and/or approval of crediting Regular Interest and/or Special Interest to the ASF (minutes from all Board meetings where interest allocations and distributions were discussed) during the Request Period.

4. All available information and documentation supporting the additional pension payments periodically made to retirees (commonly known as the "13<sup>th</sup> Check") during the Request Period, including, but not limited to:
  - a. Documents, reports and analysis summarizing amounts distributed via the 13<sup>th</sup> Check during the Request Period.
  - b. Description of the internal process used to determine the amounts to be distributed via the 13<sup>th</sup> Checks for each fiscal year during the Request Period.
  - c. Documents, reports and analysis supporting the basis for amounts distributed via the 13<sup>th</sup> Checks (i.e., actuarial reports, other) for each fiscal year during the Request Period.
  - d. Any relevant Board minutes documenting consideration, determination and/or approval of payment of the 13<sup>th</sup> Checks or any additional payments to retirees out of System earnings during the Request Period.
  - e. A description of the internal mechanics related to distribution of the 13<sup>th</sup> Checks, including, (i) the timing of the distributions, (ii) the manner in which checks were distributed (i.e., mail, direct deposit), (iii) the documents authorizing or approving the distributions, and (iv) the departments and personnel typically involved in making the payments.
  
5. Documents, reports and analysis relating to Regular Interest and Excess Earnings credited to the GRS Pension Accumulation Fund or Pension Reserve Fund (other than the Fund described in paragraph 6 below) during the Request Period, including, but not limited to:
  - a. A description of the process used to determine the Regular Interest and Excess Earnings credited to the Pension Accumulation Fund or Pension Reserve Fund (other than the Fund described in paragraph 6 below) for each fiscal year during the Request Period.
  - b. Any relevant Board minutes documenting consideration, determination and/or allocation of Regular Interest and Excess Earnings to the Pension Accumulation Fund or Pension Reserve Fund (other than the Fund described in paragraph 6 below), including minutes from all



meetings at which the allocation of Excess Earnings was discussed, during the Request Period.

6. Documents, reports and analysis relating to establishment and operation of the Retiree Excess Earnings Reserve Fund ("REERF"), including, but not limited to:
  - a. Documents relating to the establishment of the REERF and the Board's authority to establish the REERF (including opinions of legal counsel).
  - b. Documents, reports and analysis relating to the Excess Earnings directly or indirectly transferred to the REERF from the Income Fund for each fiscal year during the Request Period.
  - c. Documents, reports and analysis relating to disbursements made from the REERF for each fiscal year during the Request Period.
  - d. Any relevant Board minutes documenting establishment of the REERF, amounts to be transferred to the REERF and amounts disbursed from the REERF, including minutes from all meetings where such items were discussed, during the Request Period.
7. Completion of the five (5) charts that are part of Exhibit 2 which request certain information relating to ASF distributions (including direct and indirect transfers or rollovers to the 1998 Defined Contribution Plan or the City of Detroit Eligible Deferred Compensation Plan, another retirement plan or IRA) for each of FYE June 30, 2009 through FYE June 30, 2013 ("**Distribution Years**"). In particular, information is requested on (i) the number of individuals who took ASF distributions during the Distribution Years, and (ii) general information on the size of the distribution made to such distributees.
8. Completion of the attached chart (Exhibit 3/Actual Fund Returns (%)) which requests information relating to the actual market rate of return on GRS assets for each of FYE June 30, 1985 through FYE June 30, 2013.

**GENERAL INFORMATION RELATING TO SYSTEM OPERATION BASED UPON 2012 DRAFT VALUATION REPORT AND DATA PREVIOUSLY PROVIDED TO THE EMERGENCY MANAGER<sup>1</sup>**

1. Confirm that all participants in pay status receive a COLA. If not, describe how participants in pay status that do not receive a COLA are identified in the 2012 Data.
2. Confirm that the "Paid Annuity" (as such term is used in the Data Layouts) amount does not receive a COLA. Also confirm that the "Current Pension" (as such term is used in the Data Layouts) amount is separate from the "Paid Annuity" amount.
3. Confirm that the "Paid Annuity" has the same form of payment as the "Current Pension". If not, confirm that it is always paid as a straight life annuity. Confirm that the equalization option does not apply to the "Paid Annuity".
4. Confirm whether disability retirees receive the applicable COLA from the date of disability or from the date of conversion to a retirement benefit.
5. GRS participants in pay status were reported in the 2012 Data with an "Option" code and a separate "Popup Code". The following combinations were in the 2012 Data. Please review the form of payment to be valued and indicate what, if any, corrections are necessary. (Note that only 4 members have Popup Code B and we presume that is a data error as GRS only has one popup option.)

Option code	Popup Code	Form of Payment To Be Valued
0 – Straight Life	blank	Straight life
0 – Straight Life	0	Straight life
0 – Straight Life	A	Straight life
1 – Straight Life	blank	Straight life
1 – Straight Life	0	Straight life
1 – Straight Life	A	Straight life

<sup>1</sup> The requests relating to data are in reference to the Excel document entitled "2012 Detroit Data Layouts" (the "Data Layouts") and the 2012 individual participant data provided ("2012 Data") that were provided to the Emergency Manager in response to the Document Request Pursuant to P.A. 436, dated April 25, 2013.

1 – Straight Life	B	Straight life
2 – 100% J&S	blank	Joint & 100% survivor without pop-up
2 – 100% J&S	0	Joint & 100% survivor without pop-up
2 – 100% J&S	A	Joint & 100% survivor with pop-up
2 – 100% J&S	B	Joint & 100% survivor with pop-up
3 – 50% J&S	blank	Joint & 50% survivor without pop-up
3 – 50% J&S	0	Joint & 50% survivor without pop-up
3 – 50% J&S	A	Joint & 50% survivor with pop-up
3 – 50% J&S	B	Joint & 50% survivor with pop-up

6. Indicate whether the above form of payment settings also apply to GRS survivor and dependent child records (“Type” 5 through 9 in the 2012 Data) or whether a straight life annuity is valued for GRS survivor and dependent child records.
7. In the draft GRS June 30, 2012 valuation, the accrued annuity liability for member annuities and future refunds is \$484,575,008. Based on the 2012 Data and the Data Layouts, the total accumulated contributions with interest is \$460,360,048 (\$434,070,444 for active members and \$26,289,604 for inactive members). Please explain the \$24 million difference.
8. Confirm that no retirees have elected the joint and 75% survivor annuity or the joint and 25% survivor annuity options.
9. The draft June 30, 2012 valuation reflected plan changes applicable to “certain active members”. Please provide the list of agency codes indicating which plan change affected which agency, along with the effective dates of the changes for each agency that was provided by the System to Gabriel Roeder Smith & Company.

**INFORMATION AND DOCUMENT REQUEST RELATED TO THE 1998  
DEFINED CONTRIBUTION PLAN / ELECTION FOR RETROACTIVE  
COVERAGE IN THE EVENT OF IN-SERVICE DEATH**

1. All available information and documentation related to the 1998 Defined Contribution Plan under GRS (the “1998 DC Plan”) and any elections for or processing of retroactive coverage under the 1998 DC Plan from FYE June 30,

2000 through FYE June 30, 2013 (“**Death Benefit Period**”), including, but not limited to:

- a. Documents, reports and analysis relating to posthumous coverage under the 1998 DC Plan approved during the Death Benefit Period.
- b. Documents, reports and analysis relating to the amount of death benefits paid from the 1998 DC Plan in each fiscal year during the Death Benefit Period.
- c. The document(s) that authorized or approved posthumous coverage under the 1998 DC Plan during the Death Benefit Period.
- d. Any relevant Board minutes documenting approval of posthumous coverage under the 1998 DC Plan during the Death Benefit Period.

\* \* \* \* \*

Fiscal Year	Annuity Savings Fund			Annuity Savings Fund			Annuity Savings Fund			Annuity Savings Fund			Annuity Savings Fund			Annuity Savings Fund			Annuity Savings Fund			
	Special Rate %	Base Rate + Special Rate %	Dollar Impact To ASF	Special Rate %	Base Rate + Special Rate %	Dollar Impact To ASF	Special Rate %	Base Rate + Special Rate %	Dollar Impact To ASF	Special Rate %	Base Rate + Special Rate %	Dollar Impact To ASF	Special Rate %	Base Rate + Special Rate %	Dollar Impact To ASF	Special Rate %	Base Rate + Special Rate %	Dollar Impact To ASF	Special Rate %	Base Rate + Special Rate %	Dollar Impact To ASF	
1 1984-1985																						
2 1985-1986																						
3 1986-1987																						
4 1987-1988																						
5 1988-1989																						
6 1989-1990																						
7 1990-1991																						
8 1991-1992																						
9 1992-1993																						
10 1993-1994																						
11 1994-1995																						
12 1995-1996																						
13 1996-1997																						
14 1997-1998																						
15 1998-1999																						
16 1999-2000																						
17 2000-2001																						
18 2001-2002																						
19 2002-2003																						
20 2003-2004																						
21 2004-2005																						
22 2005-2006																						
23 2006-2007																						
24 2007-2008																						
25 2008-2009																						
26 2009-2010																						
27 2010-2011																						
28 2011-2012																						
29 2012-2013																						

Board Approved Allocation of Excess Earnings

Grand Totals - Interest Crediting

**EXHIBIT 2**

<b>Annuity Savings Fund Balances Paid Out in FYE June 30, 2009</b>	<b># of Members</b>
\$1 to 10,000	
\$10,001 to 20,000	
\$20,001 to 30,000	
\$30,001 to 40,000	
\$40,001 to 50,000	
\$50,001 to 60,000	
\$60,001 to 70,000	
\$70,001 to 80,000	
\$80,001 to 90,000	
\$90,001 to 100,000	
\$100,001 to 200,000	
\$200,001 to 300,000	
\$300,001 to 400,000	
\$400,001 to 500,000	
\$500,001 to 1,000,000	
Greater than \$1,000,000	

**EXHIBIT 2**

<b>Annuity Savings Fund Balances Paid Out in FYE June 30, 2010</b>	<b># of Members</b>
\$1 to 10,000	
\$10,001 to 20,000	
\$20,001 to 30,000	
\$30,001 to 40,000	
\$40,001 to 50,000	
\$50,001 to 60,000	
\$60,001 to 70,000	
\$70,001 to 80,000	
\$80,001 to 90,000	
\$90,001 to 100,000	
\$100,001 to 200,000	
\$200,001 to 300,000	
\$300,001 to 400,000	
\$400,001 to 500,000	
\$500,001 to 1,000,000	
Greater than \$1,000,000	

**EXHIBIT 2**

<b>Annuity Savings Fund Balances Paid Out in FYE June 30, 2011</b>	<b># of Members</b>
\$1 to 10,000	
\$10,001 to 20,000	
\$20,001 to 30,000	
\$30,001 to 40,000	
\$40,001 to 50,000	
\$50,001 to 60,000	
\$60,001 to 70,000	
\$70,001 to 80,000	
\$80,001 to 90,000	
\$90,001 to 100,000	
\$100,001 to 200,000	
\$200,001 to 300,000	
\$300,001 to 400,000	
\$400,001 to 500,000	
\$500,001 to 1,000,000	
Greater than \$1,000,000	



**EXHIBIT 2**

<b>Annuity Savings Fund Balances Paid Out in FYE June 30, 2012</b>	<b># of Members</b>
\$1 to 10,000	
\$10,001 to 20,000	
\$20,001 to 30,000	
\$30,001 to 40,000	
\$40,001 to 50,000	
\$50,001 to 60,000	
\$60,001 to 70,000	
\$70,001 to 80,000	
\$80,001 to 90,000	
\$90,001 to 100,000	
\$100,001 to 200,000	
\$200,001 to 300,000	
\$300,001 to 400,000	
\$400,001 to 500,000	
\$500,001 to 1,000,000	
Greater than \$1,000,000	

**EXHIBIT 2**

<b>Annuity Savings Fund Balances Paid Out in FYE June 30, 2013</b>	<b># of Members</b>
\$1 to 10,000	
\$10,001 to 20,000	
\$20,001 to 30,000	
\$30,001 to 40,000	
\$40,001 to 50,000	
\$50,001 to 60,000	
\$60,001 to 70,000	
\$70,001 to 80,000	
\$80,001 to 90,000	
\$90,001 to 100,000	
\$100,001 to 200,000	
\$200,001 to 300,000	
\$300,001 to 400,000	
\$400,001 to 500,000	
\$500,001 to 1,000,000	
Greater than \$1,000,000	

**City of Detroit  
General Retirement System ("GRS")  
Actual Fund Returns (%)**

		<b>Historical Fund Performance</b>
		<b>Investment Returns</b>
		<b>Actual GRS Market Rate of Return (Percent %)</b>
<b>Fiscal Year</b>		
1	1984-1985	
2	1985-1986	
3	1986-1987	
4	1987-1988	
5	1988-1989	
6	1989-1990	
7	1990-1991	
8	1991-1992	
9	1992-1993	
10	1993-1994	
11	1994-1995	
12	1995-1996	
13	1996-1997	
14	1997-1998	
15	1998-1999	
16	1999-2000	
17	2000-2001	
18	2001-2002	
19	2002-2003	
20	2003-2004	
21	2004-2005	
22	2005-2006	
23	2006-2007	
24	2007-2008	
25	2008-2009	
26	2009-2010	
27	2010-2011	
28	2011-2012	
29	2012-2013	

## APPENDIX D

### **Supplemental Information and Document Request Relating to the City of Detroit Police and Fire Retirement System ("PFRS" or "the System")**

**RE: (1) Defined Contribution Annuity Fund and 13<sup>th</sup> Checks; (2) General  
Information Relating to System Operation Based Upon Most Recent Valuation  
Report and Data Previously Provided to the Emergency Manager**

---

#### **INFORMATION AND DOCUMENT REQUEST LIST REQUEST RE: DEFINED CONTRIBUTION ANNUITY FUND AND 13<sup>TH</sup> CHECKS**

1. Completion of the attached chart (Exhibit 1/Member Contributions, Interest Crediting and Gain Sharing).
2. Documents, reports and analysis summarizing the "percent of pay" withheld from PFRS employee checks and credited to their Defined Contribution Annuity Fund ("DCAF") accounts from fiscal year ending ("FYE") June 30, 1985 through FYE June 30, 2013 ("**Request Period**"). In addition, provide annual total employee contributions credited to DCAF.
3. Documents, reports and analysis relating to any "gain sharing" arrangements impacting active employees or retirees either through the payment of additional pension payments made to retirees (commonly known as the "**13th Check**") or interest credited to active employees' DCAF accounts.
4. Completion of the attached chart (Exhibit 2/Actual Fund Returns (%)) which requests information relating to the actual market rate of return on PFRS assets for each fiscal year during the Request Period.
5. Documents, reports and analysis relating to amounts distributed to members (including direct and indirect transfers or rollovers to the City of Detroit Eligible Deferred Compensation Plan, another retirement plan or IRA) from their individual accounts in DCAF during the Request Period.

#### **GENERAL INFORMATION RELATING TO SYSTEM OPERATION BASED UPON 2012 FINAL VALUATION REPORT AND DATA PREVIOUSLY PROVIDED TO THE EMERGENCY MANAGER<sup>2</sup>**

---

<sup>2</sup> The requests relating to data are in reference to the Excel document entitled "2012 Detroit Data Layouts" (the "**Data Layouts**") and the 2012 individual participant data provided ("**2012 Data**") that were provided to the Emergency Manager in response to the Document Request Pursuant to P.A. 436, dated April 25, 2013.

1. Confirm that all participants in pay status receive a COLA. If not, describe how participants in pay status that do not receive a COLA are identified in the 2012 Data.
2. Confirm that the "Paid Annuity" (as such term is used in the Data Layouts) amount does not receive a COLA. Also confirm that the "Current Pension" (as such term is used in the Data Layouts) amount is separate from the "Paid Annuity" amount.
3. Confirm that the "Paid Annuity" has the same form of payment as the "Current Pension". If not, confirm that it is always paid as a straight life annuity.
4. Confirm whether disability retirees receive the applicable COLA from the date of disability or from the date of conversion to a retirement benefit.
5. Participants in pay status were reported in the 2012 Data with an "Option" code and a separate "Popup Code". The following combinations were used in the 2012 Data. Please review the form of payment to be valued and indicate what, if any, corrections are necessary.

Option code	Popup Code	Form of Payment To Be Valued
0 – Straight Life	blank	Straight life
0 – Straight Life	0	Straight life
0 – Straight Life	A	Straight life
0 – Straight Life	B	Straight life
0 – Straight Life	C	Straight life
1 – Straight Life	blank	Straight life
1 – Straight Life	0	Straight life
1 – Straight Life	A	Straight life
1 – Straight Life	B	Straight life
1 – Straight Life	C	Straight life
2 – 100% J&S	blank	Joint & 100% survivor without pop-up
2 – 100% J&S	0	Joint & 100% survivor without pop-up

2 – 100% J&S	A	Joint & 100% survivor with pop-up
2 – 100% J&S	B	Joint & 100% survivor with pop-up
2 – 100% J&S	C	Joint & 100% survivor with pop-up
3 – 50% J&S	blank	Joint & 50% survivor without pop-up
3 – 50% J&S	0	Joint & 50% survivor without pop-up
3 – 50% J&S	A	Joint & 50% survivor with pop-up
3 – 50% J&S	B	Joint & 50% survivor with pop-up
3 – 50% J&S	C	Joint & 50% survivor with pop-up

6. Confirm the number of pop-up options provided under PFRS, and provide an explanation of the differences between these pop-up options and how they are valued for valuation purposes.
7. Confirm whether the above form of payment settings also apply to PFRS survivor and dependent child records (“Type” 5 through 9 in the 2012 Data) or whether a straight life annuity is valued for PFRS survivor and dependent child records.
8. Confirm that no PFRS retirees have elected the joint and 75% survivor annuity option.
9. Indicate which participants in pay status in the 1969 Plan receive the simple 2.25% COLA instead of the compound 2.25% COLA. Explain how they are identified in the 2012 Data.
10. We understand that 75% of the retirement benefits (including any COLAs) are paid to an individual account for each DROP member during the DROP period. Confirm that the accumulated benefits in the individual accounts as of the valuation date are separate from the System assets and are not included in the System’s valuation in either the assets or liabilities. If they are included in the System’s valuation, provide the DROP account balances as of June 30, 2012 for the DROP members, by individual.

\* \* \* \* \*



**City of Detroit  
Police & Fire Retirement System ("PFRS")  
Actual Fund Returns (%)**

<b>Historical Fund Performance</b>	
<b>Fiscal Year</b>	<b>Investment Returns Actual PFRS Market Rate of Return (Percent %)</b>
1	1984-1985
2	1985-1986
3	1986-1987
4	1987-1988
5	1988-1989
6	1989-1990
7	1990-1991
8	1991-1992
9	1992-1993
10	1993-1994
11	1994-1995
12	1995-1996
13	1996-1997
14	1997-1998
15	1998-1999
16	1999-2000
17	2000-2001
18	2001-2002
19	2002-2003
20	2003-2004
21	2004-2005
22	2005-2006
23	2006-2007
24	2007-2008
25	2008-2009
26	2009-2010
27	2010-2011
28	2011-2012
29	2012-2013