

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

In re: City of Detroit, Michigan, Debtor.

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

**THE CITY OF DETROIT’S RESPONSE TO
“ORDER REGARDING ‘MOTION [TO] FILE A LATE CLAIM’ FILED BY
THOMASENA BARGE (DOCKET #11161)” (DOCKET # 11392)**

The letter attached as Exhibit 1¹ was sent to Ms. Thomasena Barge pursuant to this Court’s “Order Regarding ‘Motion [To] File a Late Claim’ Filed by Thomasena Barge (Docket #11161),” appearing at docket number 11392 (“Order”). Pursuant to paragraph 2 of the Order, the letter explains the following about the “special annuity distributions” referred to in ¶ 11 of the Declaration of Cynthia A. Thomas (Ex. 2 at Docket # 11197): what these special annuity distributions were; what the basis was for those special annuity distributions; and how those special annuity distributions were calculated.

¹ In compliance with Federal Rule of Bankruptcy Procedure, dates which reference Ms. Barge’s date of birth or which might tend to indicate it have been redacted. The unredacted original was mailed to Ms. Barge.

August 10, 2016

Respectfully submitted,

By: /s/ Marc N. Swanson

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ATTORNEYS FOR THE CITY OF DETROIT

EXHIBIT 1



August 10, 2016

**BY FIRST CLASS MAIL AND EFILING WITH U.S. BANKRUPTCY COURT,
EASTERN DISTRICT OF MICHIGAN**

Ms. Thomasena Barge
5226 Newport Street
Detroit, Michigan 48213-3741

Re: *RETIREMENT BENEFITS – MOTION [TO] FILE A LATE CLAIM*

Dear Ms. Barge:

As you know, the General Retirement System of the City of Detroit (the “Retirement System”), along with the City of Detroit (the “City”), has been directed by the U.S. Bankruptcy Court to provide you with a written explanation regarding the special annuity distributions referenced in paragraph 11 of the *Declaration of Cynthia A. Thomas*, attached to the City’s response to your “Motion [to] File a Late Claim”. More specifically, the Court has directed that we provide you with an explanation for “what these special annuity distributions were; what the basis was for those special annuity distributions; and how those special annuity distributions were calculated.” Your January 1, 2015 pension check included a special annuity distribution in the amount of \$1,800.51 (the “Special Distribution”).

As you may recall, based upon erroneous information from the City’s Human Resources Department concerning the service credit that you accrued during your employment with the City, the Retirement System had previously determined that you were not vested in the retirement system and accordingly, not entitled to pension benefits. In November 2013, you provided certain check stub documentation which verified your service credit. Based on this new information, the Retirement System determined that you were indeed entitled to a vested retirement pension commencing upon your 60th birthday [REDACTED]. Accordingly, in March 2014, you were awarded retroactive pension and annuity benefits.

Unfortunately, the Retirement System erred when calculating your retroactive pension and annuity benefits for the period from [REDACTED] through February 28, 2014. This error was discovered during a supplemental review of your file in December 2014 and corrected on January 1, 2015. To correct this error, the Retirement System issued you the Special Distribution, in the amount of \$1,800.51, which was included in your January 1, 2015 pension check. This amount was paid in addition to your monthly pension amount. The Special Distribution should have been included with your first retroactive pension payment on March 1, 2014, but was not because an incorrect rate of pay was applied to the initial calculation for your retroactive pension special annuity distributions. When using the correct rate of pay, the \$1,800.51 was calculated by subtracting the amount representing special annuity distributions that you were provided in your March 1, 2014 pension payment (\$1,799.49, reached using an

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incorrect rate), from the total amount to which you were entitled, had you been a retiree on pension payroll under the rules governing pension benefits in 2005, 2006, and 2007 (\$3600.00). The remainder that you had not been paid (which was discovered during the supplemental review in December, 2014) was \$1,800.51.

It is important to understand that the Special Distribution does not represent a monthly or annual amount to which you are entitled; it is a *one-time* correction of a calculation error. Your monthly pension amount was adjusted beginning March 1, 2015, to meet the requirements of the City's confirmed *Eighth Amended Plan for Adjustment of Debts of the City of Detroit, Michigan* (Docket # 8045), and the Retirement System continues to pay you that adjusted pension amount on a monthly basis.

Regrettably, an explanation of your Special Distribution did not accompany your pension payment in January 2015. We hope that the present communication clarifies any confusion.

Sincerely,

General Retirement System of the City of Detroit

A handwritten signature in black ink that reads "Cynthia A. Thomas" followed by a stylized flourish and the letters "DC".

Cynthia A. Thomas
Executive Director

cc: Hon. Thomas J. Tucker, U.S. Bankruptcy Judge, E.D. Michigan
Board of Trustees, GRS
Michael J. VanOverbeke, General Counsel, GRS
Sean P. Gallagher, Special Counsel, GRS
Shannon L. Deeby, Special Restructuring Counsel, GRS
Robert D. Gordon, Special Restructuring Counsel, GRS
Marc N. Swanson, Special Counsel, City of Detroit
Ronald A. Spinner, Special Counsel, City of Detroit