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WSJ: Detroit Pension Holders Approve City's Debt-Cutting Bankruptcy Plan.

Detroit's bankruptcy plan approached a new stage Monday after city pension holders endorsed a debt-cutting plan that would dent, but not decimate, their future benefits.

General retirees, who comprise the bulk of those affected, would get a 4.5% pension cut and lose cost-of-living increases. Retired police officers and firefighters would surrender part of their annual cost-of-living increases.

Contingent on the vote was an agreement by the state and private funders to make \$816 million available to shore up pensions. That amount represents the present value of the city's world-class collection of the Detroit Institute of Arts, which the city said would be placed in a separate trust.

The official count, filed late Monday night, showed 82% of those eligible for a police or fire pension who voted supported the plan. Roughly 73% of other retirees and employees with pension benefits who voted favored the plan. Voting lasted through early July.

The voting margins from pension holders were seen as an endorsement for the city's plan to confront an estimated \$18 billion in long-term obligations.

"The voting shows strong support for the City's plan to adjust its debts and for the investment necessary to provide essential services and put Detroit on secure financial footing," Detroit Emergency Manager Kevyn Orr said

Despite the critical nature of the vote, a sizable chunk of those eligible sat out. About 59% of police and firefighter pension holders and 42% of other pension holders cast ballots, according to the city's legal filing.

Some 32,000 current and retired city employees faced a stark choice: Vote for the plan to cut most pensions and eliminate a future cost-of-living increase, or reject the plan and risk more severe cuts.

"It is not what my heart wanted to do and it still isn't. But I have to support what's best for our retirees," Shirley Lightsey, president of Detroit Retired City Employees Association, said in an interview Monday before the vote filing in bankruptcy court.

The vote, after weeks of tense campaigning, also sets up a confirmation trial scheduled for next month on the city's restructuring plan, the final phase of the bankruptcy case.

Federal bankruptcy Judge Steven Rhodes will have the final say, and will hold a trial on whether the city's reorganization plan, which also includes about \$1.5 billion in reinvestment in services and blight removal, is viable.

On Monday, a court-appointed, independent financial expert came to that conclusion in a report. It found the city would likely be able to provide basic municipal services, meet revised obligations to

creditors and avoid future default under the plan's terms and using its assumptions.

But Detroit's efforts to fix its ailing municipal services have also met resistance. A crackdown on delinquent water customers since March bubbled over with a public protest last week following concerns voiced by Judge Rhodes. On Monday, the city announced it would stop shutoffs for 15 days while it tries to promote its payment options and financial assistance available for customers.

Opposition has been building in Detroit for months after officials at the city's Water and Sewerage Department in March said they would shut off water service to delinquent customers.

Mr. Orr has said the water-shutoff approach—which affected more than 15,000 people, at least temporarily—wasn't misguided. Rather it was a sign of the city's effort to provide basic city services in a fiscally responsible fashion.

By MATTHEW DOLAN
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—Andrea Gallo contributed to this article.

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