

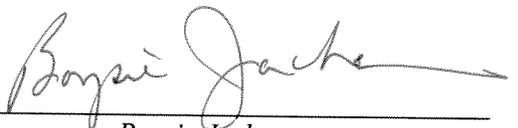
**APPROVED BY FRC ON 11/23/2015**

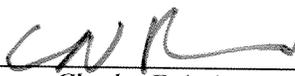
**Item 2**

**Finance**

**Kurtzman Carson Consultants LLC**

**Restructuring 1000-350045-000000-617900-13824-000000-000000**

By   
Boysie Jackson  
Chief Procurement Office

By:   
Charles Raimi  
Deputy Corporation Council

**CITY OF DETROIT CONTRACT SUBMISSION TO FINANCIAL REVIEW COMMISSION**  
**THE FOLLOWING CONTRACTS ARE BEING SENT TO THE FRC FOR REVIEW AND APPROVAL PURSUANT TO**  
**SECTION 6, SUBSECTION 6 OF THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT**  
**For November 23, 2015 Meeting**

Prepared By: Boydie Jackson, Chief Procurement Officer - 11/17/2015

City Council and Water Board Approvals Through November 17, 2015

Department	Contract Number	Description	Competitively Bid	Lowest Bid	City Council Approval Date	Office of the Chief Financial Officer Approval Date	Comments
<b>CONTRACTS GREATER THAN \$750K</b>							
1 DBA, FIRE, ITS and POLICE	2832588	<b>Contract Amount: \$2,000,000.00 (Increase of Funds Only)</b> <b>Contract Period: 10/1/2015 through 6/30/2016</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Operational Expenses - Contract of Lease for DPSH</b> Contractor: Detroit Building Authority Location: 1301 Third Street, Suite 328, Detroit, MI 48226	Inter-Governmental Agreement	Inter-Governmental Agreement	11/17/2015	11/23/2015	Contract is to pay for City Departments Residing in Public Safety Headquarters This contract is for increase of funds only Original contract amount is \$67,770,000.00
2 FINANCE and LAW 	2884516	<b>Contract Amount: \$4,539,294.87 (Extension of Time Only)</b> <b>Contract Period: 1/1/2016 through 12/31/2016</b> <b>Source: 100% City Funding (Restructuring)</b> <b>Purpose: To Provide Consulting Services for Claims Management Reconciliations and Other Services</b> Contractor: Kurtzman Catson Consultants LLC Location: 2335 Alaska Avenue, El Segundo CA 90245	Extension of EM Approved Contract	Extension of EM Approved Contract	N/A	11/23/2015	No increase in contract dollars Wind-down of work on claims working with Law and Finance Department
3 FINANCE	2895089	<b>Contract Amount: \$3,730,300.00 (Increase of Funds and Extension of Time)</b> <b>Contract Period: 10/1/2015 through 6/30/2016</b> <b>Source: 100% QOL Funding</b> <b>Purpose: To Provide Data Cleaning Staff Augmentation and Inventory Reconciliation Support for OCFO</b> Contractor: Pierce, Monroe Associates, Inc. Location: 535 Griswold, Ste 2200, Detroit, MI 48226	EM Order 41	EM Order 41	N/A	11/23/2015	Wind-Down of Services for OCFO. Contractor also supports HR, Income Tax, Treasury and Financial Activities
4 FINANCE	2916755	<b>Contract Amount: \$3,783,910.00 (Extension of Time Only)</b> <b>Contract Period: January 1, 2016 through December 31, 2016</b> <b>Source: 100% City Funding</b> <b>Purpose: To Provide Cash Management and Related Analyses and Reporting</b> Contractor: Ernst & Young U.S. LLP Location: 777 Woodward Avenue, Detroit, MI 48226	EM Order 41	EM Order 41	N/A	11/23/2015	Contract is to wind-down E&Y's efforts. Work will be absorbed by the Office of the CFO
5 HEALTH AND WELLNESS	2898252	<b>Contract Amount: \$6,977,111.00 (Increase of Funds and Extension of Time)</b> <b>Contract Period: 10/1/15 through 9/30/16</b> <b>Source: 100% State Funding</b> <b>Purpose: To Provide Fiduciary Services for Administration and Contract Management</b> Contractor: Southeastern Michigan Health Association Location: 3011 West Grand Blvd., 200 Fisher Building, Detroit, MI 48202	Fiduciary Agreement	Fiduciary Agreement	11/17/2015	11/23/2015	Total Contract Amount - \$11,605,660.00. This Amendment #3 is for increase of funds and extension of time. Original amount is \$4,628,549.00 and original contract period is October 1, 2014 through September 30, 2015

Vendor: KURTZMAN CARSON CONSULTANTS LLC  
11/12/2015

PO 2884516

Amount Spent through September 2015 4,407,317.42

Spend Estimate through December 2016 98,000.00

Total Contract Amount Required 4,505,317.42

Contract Amount in Oracle 4,539,294.87

Variance 33,977.45



## KCC AGREEMENT FOR SERVICES

This Agreement is entered into as of the 26th day of June, 2013, between the City of Detroit (the "City"), and Kurtzman Carson Consultants LLC (together with its affiliates and subcontractors, "KCC").

In consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### Terms and Conditions

#### I. SERVICES

A. KCC agrees to provide the City with consulting services regarding noticing, claims management and reconciliation, plan solicitation, balloting, disbursements and any other services agreed upon by the parties or otherwise required by applicable law, government regulations or court rules or orders.

B. KCC further agrees to provide (i) computer software support and training in the use of the support software, (ii) KCC's standard reports as well as consulting and programming support for the City requested reports, (iii) program modifications, (iv) data base modifications, and/or (v) other features and services in accordance with the fees outlined in a pricing schedule provided to the City and attached hereto and made a part hereof (the "KCC Fee Structure").

C. Without limiting the generality of the foregoing, KCC may, upon request by the City, (i) provide a communications plan including, but not limited to, preparation of communications materials, dissemination of information and a call center staffed by KCC and/or (ii) provide confidential on-line workspaces or virtual data rooms and publish documents to such workspaces or data rooms (which publication shall not be deemed to violate the confidentiality provisions of this Agreement).

D. The price listed for each service in the KCC Fee Structure represents a bona fide proposal for such services, which may be accepted in whole or in part. Services will be provided when requested by the City or required by applicable law, government regulations or court rules or orders. Services are mutually exclusive and are deemed delivered and accepted by the City when provided by KCC.

E. The City acknowledges and agrees that KCC often will take direction from the City's authorized representatives, agents and/or professionals (collectively, the "City Parties") with respect to the services being provided under this Agreement, *provided that* in each case the City Parties must be duly authorized to act hereunder by the Emergency Manager of the City or his designee. The parties agree that KCC may rely upon, and the City agrees to be bound by, any requests, advice or information provided by the City Parties to the same extent as if such requests, advice or information were provided by the City. The City agrees and understands that KCC shall not provide the City or any other party with any legal advice.



## KCC AGREEMENT FOR SERVICES

### II. PRICES, CHARGES AND PAYMENT

- A. KCC agrees to charge and the City agrees to pay KCC for its services, expenses and supplies at the rates or prices set by KCC and in effect as of the date of this Agreement in accordance with the KCC Fee Structure.
- B. The City agrees to pay the reasonable out-of-pocket expenses incurred by KCC in connection with services provided under this Agreement, including but not limited to, transportation, lodging, and meals.
- C. In addition to all fees for services and expenses hereunder, the City shall pay to KCC (i) any fees and expenses related to, arising out of, or as a result of any error or omission made by the City or the City Parties, as mutually determined by KCC and the City, and (ii) all taxes that are applicable to this Agreement or that are measured by payments made under this Agreement and are required to be collected by KCC or paid by KCC to a taxing authority.
- D. Where the City requires services that are unusual or beyond the normal business practices of KCC, or are otherwise not provided for in the KCC Fee Structure, the cost of such services shall be charged to the City at a competitive rate.
- E. KCC agrees to submit its invoices to the City monthly, and the City agrees that the amount invoiced is due and payable upon the City's receipt of the invoice. However, where total fees and expenses are expected to exceed \$10,000 in any single month, KCC may require advance payment from the City due and payable upon demand and prior to the performance of services hereunder. If any amount is unpaid as of 60 days from the receipt of the invoice, the City further agrees to pay a late charge, calculated as one and one-half percent (1-1/2%) of the total amount unpaid every 60 days. In the case of a dispute in the invoice amount, the City shall give written notice to KCC within ten days of receipt of the invoice by the City. The undisputed portion of the invoice will remain due and payable immediately upon receipt of the invoice. Late charges shall not accrue on any amounts in dispute. Unless otherwise agreed to in writing, the fees for print notice and media publication (including commissions), as well as certain expenses, must be paid at least three days in advance of those fees and expenses being incurred.
- F. In the event that the City files for protection pursuant to chapter 9 of the United States Bankruptcy Code (a "Chapter 9 Filing"), the parties intend that KCC shall be employed pursuant to 28 U.S.C. § 156(c) ("Section 156(c)") and that all fees and expenses due under this Agreement shall be paid as administrative expenses in the City's chapter 9 case. As soon as practicable following a Chapter 9 Filing (and otherwise in accordance with applicable law and rules and orders of the Bankruptcy Court), the City shall cause a motion to be filed with the Bankruptcy Court seeking entry of an order pursuant to Section 156(c) approving KCC's retention to the extent required under chapter 9 (the "Section 156(c) Order"). The form and substance of the motion and the Section 156(c) Order shall be reasonably acceptable to KCC.



## KCC AGREEMENT FOR SERVICES

### III. RIGHTS OF OWNERSHIP

A. The parties understand that the software programs and other materials furnished by KCC pursuant to this Agreement and/or developed during the course of this Agreement by KCC are the sole property of KCC. The term "program" shall include, without limitation, data processing programs, specifications, applications, routines, and documentation. The City agrees not to copy or permit others to copy the source code from the support software or any other programs or materials furnished pursuant to this Agreement.

B. The City further agrees that any ideas, concepts, know-how, or techniques relating to data processing or KCC's performance of its services developed or utilized during the term of this Agreement by KCC shall be the exclusive property of KCC. Fees and expenses paid by the City do not vest in the City any rights in such property, it being understood that such property is only being made available for the City's use during and in connection with the services provided by KCC under this Agreement.

### IV. NON-SOLICITATION

The City agrees that it shall not directly or indirectly solicit for employment, employ or otherwise retain employees of KCC during the term of this Agreement and for a period of 12 months after termination of this Agreement unless KCC provides prior written consent to such solicitation or retention.

### V. CONFIDENTIALITY

Each of KCC and the City, on behalf of themselves and their respective employees, agents, professionals, and representatives, agrees to keep confidential all non-public records, systems, procedures, software, and other information received from the other party in connection with the services provided under this Agreement; *provided, however*, that if either party reasonably believes that it is required to produce any such information by order of any governmental agency or other regulatory body it may, upon not less than five business days' written notice to the other party, release the required information.

### VI. SUSPENSION OF SERVICE AND TERMINATION

A. This Agreement shall remain in force until terminated or suspended by either party (i) upon 30 days' written notice to the other party or (ii) immediately upon written notice for Cause (defined herein). As used herein, the term "Cause" means (i) gross negligence or willful misconduct of KCC that causes serious and material harm to the City's reorganization efforts (including in any case commenced under chapter 9 of the Bankruptcy Code), (ii) the failure of the City to pay KCC invoices for more than 90 days from the date of invoice, or (iii) the accrual of invoices or unpaid services in excess of the retainer held by KCC where KCC reasonably believes it will not be paid.

B. If this Agreement is terminated, regardless of the reason for such termination, KCC shall coordinate with the City and, to the extent applicable, the clerk of the Bankruptcy Court, to maintain an orderly transfer of record keeping functions, and KCC shall provide all necessary staff, services, and assistance required for an orderly transfer. The City agrees to pay for such



## **KCC AGREEMENT FOR SERVICES**

services in accordance with KCC's then existing prices for such services. If such termination occurs following entry of the Section 156(c) Order, the City shall immediately seek entry of an order (in form and substance reasonably acceptable to KCC) that discharges KCC from service and responsibility under Section 156(c) and this Agreement.

C. Any data, programs, storage media, or other materials furnished by the City to KCC or received by KCC in connection with the services provided under the terms of this Agreement may be retained by KCC until the services provided are paid for, or until this Agreement is terminated with the services paid in full. The City shall remain liable for all fees and expenses imposed under this Agreement as a result of data or physical media maintained or stored by KCC. KCC shall dispose of the data and media in the manner requested by the City. The City agrees to pay KCC for reasonable expenses incurred as a result of the disposition of data or media. If the City has not utilized KCC's services under this Agreement for a period of at least 120 days, KCC may dispose of the data or media, and be reimbursed by the City for the expense of such disposition, after giving the City 30 days' notice. Notwithstanding any term herein to the contrary, following entry of the Section 156(c) Order, the disposition of any data or media by KCC shall be in accordance with any applicable instructions from the clerk of the Bankruptcy Court, local Bankruptcy Court rules and orders of the Bankruptcy Court.

### **VII. SYSTEM IMPROVEMENTS**

KCC strives to provide continuous improvements in the quality of service to its clients. KCC, therefore, reserves the right to make changes in operating procedure, operating systems, programming languages, general purpose library programs, application programs, time period of accessibility, types of terminal and other equipment, and the KCC data center serving the City, so long as any such changes do not materially interfere with ongoing services provided to the City, including in connection with any chapter 9 case commenced by the City.

### **VIII. BANK ACCOUNTS**

At the City's express written request through the office of the Emergency Manager, KCC shall be authorized to establish accounts with financial institutions in the name of and as agent for the City. To the extent that certain financial products are provided to the City pursuant to KCC's agreement with financial institutions, KCC may receive compensation from such financial institutions for the services KCC provides pursuant to such agreement.



## KCC AGREEMENT FOR SERVICES

### IX. LIMITATIONS OF LIABILITY AND INDEMNIFICATION

A. The City shall indemnify and hold KCC, its affiliates, members, directors, officers, employees, consultants, subcontractors, and agents (collectively, the "Indemnified Parties") harmless, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, judgments, liabilities, and expenses (including reasonable counsel fees and expenses) (collectively, "Losses") resulting from, arising out of or related to KCC's performance under this Agreement. Such indemnification shall exclude Losses resulting from KCC's gross negligence, bad faith, or willful misconduct. Without limiting the generality of the foregoing, Losses include any liabilities resulting from claims by any third-parties against any Indemnified Party. The City shall notify KCC in writing promptly upon the assertion, threat, or commencement of any claim, action, investigation, or proceeding that the City becomes aware of with respect to the services provided by KCC under this Agreement. The City's indemnification obligations hereunder shall survive the termination of this Agreement.

B. Except as provided herein, KCC's liability to the City or any person making a claim through or under the City for any Losses of any kind, even if KCC has been advised of the possibility of such Losses, whether direct or indirect and unless due to gross negligence, bad faith, or willful misconduct of KCC, shall be limited to the total amount billed or billable to the City for the portion of the particular work which gave rise to the alleged Loss. In no event shall KCC's liability to the City for any Losses, whether direct or indirect, arising out of this Agreement exceed the total amount billed to the City and actually paid to KCC for the services contemplated under the Agreement. In no event shall KCC be liable for any indirect, special or consequential damages such as loss of anticipated profits or other economic loss in connection with or arising out of the services provided for in this Agreement.

C. The City is responsible for the accuracy of the programs, data, and information it or any City Party submits for processing to KCC and for the output of such information. KCC does not verify information provided by the City and, with respect to the preparation of any creditor or claims lists in chapter 9, all decisions are at the sole discretion and direction of the City. The City reviews and approves all materials filed on behalf of, or by, the City; KCC bears no responsibility for the accuracy or contents therein. The City agrees to initiate and maintain backup files that would allow the City to regenerate or duplicate all programs and data submitted by the City to KCC.

D. The City agrees that except as expressly set forth herein, KCC makes no representations or warranties, express or implied, including, but not limited to, any implied or express warranty of merchantability, fitness, or adequacy for a particular purpose or use, quality, productiveness, or capacity.

### X. FORCE MAJEURE

Whenever performance by KCC of any of its obligations hereunder is materially prevented or impacted by reason of any act of God, strike, lock-out, or other industrial or transportation disturbance, fire, lack of materials, law, regulation or ordinance, war or war condition, or by reason of any other matter beyond KCC's reasonable control, then such performance shall be excused and this Agreement shall be deemed suspended during the continuation of such prevention and for a reasonable time thereafter.



## KCC AGREEMENT FOR SERVICES

### XI. INDEPENDENT CONTRACTORS

The City and KCC are and shall be independent contractors of each other and no agency, partnership, joint venture, or employment relationship shall arise, directly or indirectly, as a result of this Agreement.

### XII. NOTICES

All notices and requests in connection with this Agreement shall be given or made upon the respective parties in writing and shall be deemed as given as of the third day following the day it is deposited in the U.S. Mail, postage pre-paid or on the day it is given if sent by facsimile or electronic mail or on the day after the day it is sent if sent by overnight courier to the appropriate address set forth below:

Kurtzman Carson Consultants LLC  
2335 Alaska Ave.  
El Segundo, CA 90245  
Attn: Drake D. Foster  
Tel: (310) 823-9000  
Fax: (310) 823-9133  
E-Mail: [dfoster@kccllc.com](mailto:dfoster@kccllc.com)

Sonya S. Mays  
Senior Advisor to the Emergency Manager  
City of Detroit - Mayor's Office  
2 Woodward Ave., Suite 1126  
Detroit, MI 48226  
Tel: 313.224.4715  
Fax:  
E-Mail: [mayss@detroitmi.gov](mailto:mayss@detroitmi.gov)

With a copy to:

Jeffrey B. Ellman, Esq.  
Jones Day  
1420 Peachtree St., NE  
Suite 800  
Atlanta, GA 30309  
Tel: 404.581.8309  
Fax: 404-581-8330  
E-Mail: [jbellman@jonesday.com](mailto:jbellman@jonesday.com)

Or to such other address as the party to receive the notice or request so designates by written notice to the other.

### XIII. APPLICABLE LAW

The validity, enforceability, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

### XIV. ENTIRE AGREEMENT/ MODIFICATIONS

Each party acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings, other agreements, and communications oral and written between the parties relating to the subject



## KCC AGREEMENT FOR SERVICES

matter of this Agreement. The City represents that it has the authority to enter into this Agreement, and the Agreement is non-dischargeable under any applicable statute or law. If any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby. This Agreement may be modified only by a written instrument duly executed by an authorized representative of the City and an officer of KCC.

### XV. COUNTERPARTS; EFFECTIVENESS

This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, which delivery may be made by exchange of copies of the signature page by facsimile or electronic mail.

### XVI. ASSIGNMENT

This Agreement and the rights and duties hereunder shall not be assignable by the parties hereto except upon written consent of the other, with the exception that this Agreement can be assigned without written consent by KCC to a wholly-owned subsidiary or affiliate of KCC.

### XVII. ARBITRATION

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) shall be entered in any court having jurisdiction thereof. For that purpose, the parties hereto consent to the jurisdiction and venue of an appropriate court located in Wayne County, State of Michigan.

### XVIII. ATTORNEYS' FEES

In the event that any legal action, including an action for declaratory relief, is brought to enforce the performance or interpret the provisions of this Agreement, the parties agree to reimburse the prevailing party's reasonable attorneys' fees, court costs, and all other related expenses, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which the prevailing party may be entitled.

[SIGNATURE PAGE FOLLOWS]



## KCC AGREEMENT FOR SERVICES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the first date mentioned above.

Kurtzman Carson Consultants LLC

A handwritten signature in black ink, appearing to read 'Evan Gershbein', written over a horizontal line.

BY: EVAN GERSHBEIN DATE: June 26, 2013  
TITLE: SVP, CORPORATE RESTRUCTURING SERVICES

City of Detroit

A handwritten signature in black ink, appearing to read 'Kevyn D. Orr', written over a horizontal line. To the right of the signature, the date '7/1/13' is handwritten.

BY: Kevyn D. Orr DATE:  
TITLE: Emergency Manager

**City of Detroit Estimate of Fees & Expenses**  
**For October 1, 2015 through December 31, 2016**

<b>Matter Name</b>	<b>Matter Narrative</b>	<b>Fees</b>	<b>Expenses</b>	<b>Total</b>
<b>Case Administration / Maintenance</b>	Administrative duties include general correspondence with City, case conferences, preparation of invoices.	\$1,000.00		\$1,000.00
<b>Claims Analysis</b>	Review of proofs of claim that have been input into KCC CaseView and review and maintain claims register in order to ensure accuracy. Update claims register to reflect modified treatment under various claims objections, stipulations and settlement agreements. Provide claims data and customize reports re same. Respond to any requests from client or client's professionals for data and reports regarding the Schedules of Assets and Liabilities and/or the proofs of claim.	\$20,000.00		\$20,000.00
<b>Communications / Call Center</b>	Communications duties include responding to creditor inquiries, correspondences with creditors, and fielding of any case-related communications from known or potential creditors.	\$3,000.00		\$3,000.00
<b>Distributions</b>	Prepare distributions to various convenience class creditors as directed by counsel and the City. Prepare distribution lists including review of creditor claim, address, and tax information in preparation for distributions. Maintain record of distributions to creditors. Prepare distribution reports and reconciliations.	\$20,000.00	\$5,000.00	\$25,000.00
<b>Document Processing</b>	Process, scan, input and review various documents including proofs of claim, notices of transfer and pleadings filed with the Court. Review pleadings filed on docket for service items and update of creditor records. Post and link documents to various sections of the public access website, including Court Documents, Important Dates, Notes and other customized areas of the website. Expenses include photocopies and electronic scanning of documents.	\$6,000.00	\$2,000.00	\$8,000.00
<b>Maintenance of Public Access Website</b>	Review and maintain information available on website in order to ensure accuracy. Download pleadings filed on Pacer and post on public access website.	\$4,000.00		\$4,000.00
<b>Noticing</b>	Daily service of pleadings filed by City of Detroit to be served on Special Service List and affected parties per counsel's service instructions. Communication with counsel regarding the manner and method of service, preparation and electronic filing of affidavits of service and administrative close of mailings. Also, preparation and maintenance of various notice lists for mailings including Master Service List, 2002 list and special notice lists.	\$20,000.00	\$15,000.00	\$35,000.00
<b>Undeliverable Mail Processing</b>	Process returned undeliverable mail from various mailings. Note post office forwarding addresses and re-send notices to creditors per forwarding addresses provided. Track returned packages to maintain historical record of undeliverable packages.	\$2,000.00		\$2,000.00
<b>Total</b>		<b>\$76,000.00</b>	<b>\$22,000.00</b>	<b>\$98,000.00</b>