

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

In re)	
	)	Chapter 9
CITY OF DETROIT, MICHIGAN,)	
	)	Case No. 13-53846
Debtor.)	
	)	Hon. Steven W. Rhodes
)	

**MOTION TO COMPEL FULL AND FAIR RESPONSES
TO SYNCORA’S INTERROGATORIES**

Syncora Capital Assurance Inc. and Syncora Guarantee Inc. (“Syncora”) hereby submit this motion (the “Motion to Compel”) to compel the City to provide full and fair responses to Syncora’s Interrogatory Nos. 1-7. In support of its motion, Syncora respectfully states as follows:

INTRODUCTION

1. Kevyn Orr has repeatedly stated that as a fiduciary of the City he is obligated to fully and fairly explore *all* options regarding *each* of the City’s assets. In entering into the so-called Grand Bargain, Syncora believes that the City failed to fully diligence the value of the assets it was giving away, as well as the legal impediments to maximizing that value. To that end, Syncora issued the following interrogatories relating to the City’s due diligence of its art collection:

- (1) Identify all Works of Art in the Collection that have been valued at \$1 million or more.
- (2) Identify the 300 most valuable Works of Art in the Collection.

- (3) Identify all restrictions on alienability on the Works of Art identified in response to Interrogatory No. 2.
- (4) Identify all Works of Art in the Collection that were not purchased with City funds.
- (5) Identify all Works of Art that have been sold by the City or DIA Corp.
- (6) Identify all restrictions on alienability on the Works of Art identified in response to Interrogatory No. 5.
- (7) Identify the number of visitors, on an annual basis, at DIA Corp. from 1883 to present.

See First Set of Interrog. at 8-9 [Doc. No. 4036] (the “Art Interrogatories”).

2. The above interrogatories were intended to ascertain what steps the City had taken to value its art collection and identify any restrictions on its sale — information that directly relates to the City’s claim that the DIA Settlement falls within the range of reasonableness. Yet, in its initial responses, the City failed to provide the requested information and instead claimed that the information Syncora sought “*may be determined in part by examining the documents the DIA Corp. has agreed to produce.*” (See Ex. 6A, City’s Objections and Responses at 10-23 (emphasis added).)

3. Syncora informed the City that such a response was improper and offered it a choice — either (a) provide the requested answer or (b) admit that it did not know the know the answer. The City chose the latter option.

4. Despite this agreement, the City’s two supplemental responses remained deficient. Rather than admitting that it did not know the answer, the

City's second supplemental responses referred Syncora to the document productions of the City and the DIA. None of those documents, however, contained the requested answers.

5. It is now clear that the City has not done the basic diligence necessary to evaluate the value of the collection and any restrictions on its alienability. The City refuses, however, to concede as much, and instead has attempted to walk to the line between (a) not answering the question and (b) not conceding that it does not know the answer. The result is a response that not only fails to comply with the Federal Rules but also violates the terms of the parties' agreement.

6. Accordingly, Syncora moves to compel the City to fully and properly respond to the Art Interrogatories by either (a) providing the requested answers to Syncora's interrogatories or (b) stating that it does not know the answers.

BACKGROUND

7. Syncora served its first set of interrogatories on the City on April 11, 2014 [Doc. No. 4036]. On May 6, 2014, the City provided its responses — many of which were nonresponsive and incomplete. *See* Syncora's Mot. to Compel at 3 [Doc. No. 4557]. For example, in response to the interrogatory asking the City to identify all works of art valued at \$1 million or more, the City provided the following response:

In addition to its General Objections, the City objects to this interrogatory as vague, ambiguous, overbroad, unduly burdensome

and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects that the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for the DIA and its operations. Subject to and without waiving these objections, the City states that Works of Art are not valued for this purpose and it would be unduly burdensome and misleading to attempt to identify all Works of Art in the Collection that have been valued at \$1 million or more. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of deaccessioned works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

8. During a subsequent meet-and-confer, the City agreed to supplement its answers. (*See* Ex. 5, Hackney Decl. ¶ 3.) On the Art Interrogatories, Syncora provided the City with the option of “either answer[ing] the rog or say[ing] it doesn’t know the answer.” (*Id.*) The City admitted that it did not, in fact, know the answers to the Art Interrogatories and chose the latter option. (*Id.*)

9. On June 2, 2014, the City provided its first set of supplemental responses. Despite its prior agreement, the City failed to provide any supplemental responses to the Art Interrogatories. (*See* Ex. 6B, City’s Objections and Supplemental Responses.)

10. The parties then conducted another meet-and-confer where Syncora explained that, per the parties’ agreement, the City was required to affirmatively state that it did not know the answer to the Art Interrogatories. (*See* Ex. 5, Hackney Decl. ¶ 5.) Syncora again requested that the City either provide the

requested answers or state that it did not know them. (*Id.*) And again the City agreed and chose the latter option. (*Id.*)

11. On June 9, 2014, the City provided its second supplemental interrogatory responses. (*See* Ex. 6C, City’s Objections and Second Supplemental Responses.) Again though, the City failed to comply with the parties’ agreement and affirmatively state that it did not know the answers to the interrogatories. Instead, the City provided essentially the same response to each of the Art Interrogatories:

Documents relating to the City’s knowledge as to the subject matter of this request can be found at POA00257802-POA00258006, POA00258033-POA00258245, POA 00261726-POA00262345 and POA00262348-POA00262496, which speak for themselves. It is the City’s understanding and belief that the information needed to answer this request fully and accurately is in the possession of the DIA, if anyone, and directs Objectors to the documents they have subpoenaed from the DIA.

(*See id.* at 3, 4, 7, 9, 10, 13.)

12. After receiving these deficient responses, Syncora again informed the City that it still had not complied with the parties’ agreement. (Ex. 5, Hackney Decl. ¶ 9.) In an attempt to avoid motion practice, Syncora offered to provide language that would constitute an acceptable response to the Art Interrogatories.¹

¹ *See* Ex. 5, Hackney Decl. ¶ 9 n.1 (“I am totally willing to avoid motion practice if the City will provide answers that say, for example, ‘Other than as reflected in the Christie’s valuation, found at document x, the City does not know what pieces in the collection are worth more than \$1 million.’ Similar answers can be crafted for each rog. If you’d like, we can propose language to you that would be acceptable that we believe to be true.”)

The City refused Syncora’s offer, which resulted in the need for the instant motion.
(*Id.*)

JURISDICTION

13. The Court has jurisdiction over this matter pursuant to 38 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue for this matter is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

14. Syncora respectfully requests that the Court enter an order compelling the City to fully and properly respond to the Art Interrogatories by either (a) providing the requested answers or (b) stating that it does not know the answers.

ARGUMENT

15. The City argues that the DIA Settlement — the so-called “cornerstone of the Plan” — is reasonable because the “value of the funds to be contributed by the DIA Funding Parties is more than any reasonable estimate of the minimum amount that would be achieved if the City attempted to sell the DIA Assets.” *See* Consol. Reply at 16 [Doc. No. 5034]. Though the value and alienability of the art collection are essential to evaluate this argument, the City refuses to fully and fairly respond to the Art Interrogatories. In doing so, the City is acting in contravention of the Federal Rules and the parties’ prior agreement.

A. The City Has Repeatedly Failed to Provide Full and Fair Responses to the Art Interrogatories.

16. When responding to interrogatories, a party's "answer must be 'true, explicit, responsive, complete, and candid.'" *Weaver v. Mateer and Harbert, P.A.*, 277 F.R.D. 655, 657 (M.D. Fla. 2011). The City's responses to the Art Interrogatories are none of these.

17. *First*, the City's responses are neither clear nor explicit. Though each of the below interrogatories asks a simple question, the City's responses appear designed to obfuscate what the City does — and does not — know:

- When asked to identify the 300 most valuable works of art, the City stated, in part, that "Works of Art are not valued for this purpose and it would be unduly burdensome and misleading to attempt to identify the 300 most valuable Works of Art."
- When asked to identify the works of art that were not purchased with City funds, the City stated, in part, "that, for more than a century, the people of the City of Detroit and the State of Michigan, various institutions and foundations, the State of Michigan, the DIA Corp. and the City, among others, have contributed their property, funds, family treasures, time, support and goodwill to or for the benefit of the DIA. Funds from various sources have been used in various ways to develop and maintain the Museum Art Collection. Although works of art in the Museum Art Collection are given a 'credit line' to acknowledge a donor or contributor of funds or artwork, it would be unduly burdensome and misleading to distinguish in general terms between and among those objects that were donated, those that were acquired solely with specific and traceable funds, those that were acquired using funds from various sources and those that were acquired in commingled transactions."
- When asked to identify all works of art that have been sold by the City, the City stated, in part, that it "objects that the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the

DIA Corp. control over and responsibility for the DIA and its objections.”

18. *Second*, neither the City’s initial responses nor its second supplemental responses are responsive or complete. In its second supplemental responses, for example, the City refers Syncora to specific documents from the City’s production. While these documents may relate to the art collection generally, none of them identify, *inter alia*, the 300 most valuable works of art (Interrogatory No. 2), the restrictions on alienability of those works (Interrogatory No. 3), the works that were not purchased with City funds (Interrogatory No. 4), or the number of visitors to the DIA (Interrogatory No. 7). (*See* Ex. 3, Hackney Dec. ¶ 8.)

19. In addition, the City cannot simply refer Syncora to the 50,000 documents produced by the DIA — notably, documents that the City has not reviewed, does not know the contents of, and, based on Syncora’s review, do not contain the requested information. Nor is the City’s response to an unspecified mass of documents even sufficient as an invocation of Rule 33(d). *Mullins v. Prudential Ins. Co. of Am.*, 267 F.R.D. 504, 514-15 (W.D. Ky. 2010) (“A party that attempts to rely upon Rule 33(d) with a mere general reference to a mass of documents or records has not adequately responded.”).

20. *Third*, the City’s responses are not true or candid. It is now clear that the City does not have the information sought in the Art Interrogatories.

Nevertheless, the City's answers suggest the opposite — namely, that the City does know the answer to Syncora's interrogatories and that those answers can be ascertained from documents in the City's and the DIA's production.

21. A full and fair response to the Art Interrogatories requires that the City either provide the requested answers or state that it does not know. To date, it has done neither.

B. The City's Supplemental Interrogatory Responses Violate the Parties' Agreement that the City Would Concede that It Does Not Know the Answers to Syncora's Interrogatories.

22. During the numerous meet-and-confers regarding the City's responses to the Art Interrogatories, Syncora presented the City with a reasonable choice — either provide the requested answers or admit that it did not know them. On each occasion, the City agreed to the latter option.

23. Despite this agreement, the City refuses to provide responses explicitly stating that it does not know the answer. The City's refusal to do so is a breach of that agreement — and an overt attempt to avoid admitting what is clearly true.

WHEREFORE, for the foregoing reasons, Syncora requests that the Court enter an order compelling the City to respond to Interrogatory Nos. 1-7 by either (a) providing the requested answers or (b) stating that it does not know the answer.

Dated: June 18, 2014

Respectfully submitted,

KIRKLAND & ELLIS LLP

By: /s/ Stephen C. Hackney

James H.M. Sprayregen, P.C.

Ryan Blaine Bennett

Stephen C. Hackney

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*Attorneys for Syncora Guarantee Inc. and
Syncora Capital Assurance Inc.*

Exhibit 1
Proposed Order

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

In re)
) Chapter 9
)
CITY OF DETROIT, MICHIGAN,) Case No. 13-53846
)
Debtor.) Hon. Steven W. Rhodes
)
_____)

**ORDER GRANTING MOTION TO COMPEL FULL AND FAIR
RESPONSES TO SYNCORA’S INTERROGATORIES**

This matter having come before the Court on the motion of Syncora to compel the Debtor to respond to interrogatories (the “Motion to Compel”), the Court having reviewed Syncora’s Motion to Compel; and the Court having determined the legal and factual bases set forth in the Motion to Compel establish just cause for the relief granted herein;

IT IS HEREBY ORDERED THAT:

1. Syncora’s Motion to Compel is GRANTED.
2. The City shall provide full and fair responses to each of Syncora’s Interrogatory Nos. 1, 2, 3, 4, 5, 6 and 7 by either:
 - (a) providing the requested answers; or
 - (b) stating that it does not know the answers.
3. The parties are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the motion.

4. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

5. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Exhibit 2

Notice of Motion and Opportunity to Object

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

In re)
	) Chapter 9
)
CITY OF DETROIT, MICHIGAN,	) Case No. 13-53846
)
Debtor.	) Hon. Steven W. Rhodes
)

**NOTICE OF MOTION TO COMPEL FULL AND FAIR RESPONSES TO
SYNCORA’S INTERROGATORIES**

PLEASE TAKE NOTICE that on June 18, 2014 Syncora Capital Assurance Inc. and Syncora Guarantee Inc. (“Syncora”) filed the *Motion to Compel Full and Fair Responses to Syncora’s Interrogatories* (the “Motion to Compel”) in the United States Bankruptcy Court for the Eastern District of Michigan (the “Bankruptcy Court”) seeking entry of an order to compel the City of Detroit to fully and properly respond to Syncora’s interrogatories.

PLEASE TAKE FURTHER NOTICE that your rights may be affected by the relief sought in the Motion. You should read these papers carefully and discuss them with your attorney, if you have one. If you do not have an attorney, you may wish to consult one.

PLEASE TAKE FURTHER NOTICE that if you do not want the Bankruptcy Court to grant the Syncora’s Motion to Compel or you want the Bankruptcy Court to consider your views on the Motion, by **July 2, 2014**, you or your attorney must:¹

¹ Concurrently herewith, Syncora is seeking expedited consideration and shortened notice of the Motion to Compel. If the Court grants such expedited consideration and shortened notice, Syncora will file and serve notice of the new response deadline.

File with the Court a written response to the Motion to Compel explaining your position with the Bankruptcy Court electronically through the Bankruptcy Court's electronic case filing system in accordance with the Local Rules of the Bankruptcy Court or by mailing any objection or response to:²

United States Bankruptcy Court
Theodore Levin Courthouse
231 West Lafayette Street
Detroit, MI 48226

You must also serve a copy of any objection or response upon:

James H.M. Sprayregen, P.C.
Ryan Blaine Bennett
Stephen C. Hackney
KIRKLAND & ELLIS LLP
300 North LaSalle
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

- and -

Stephen M. Gross
David A. Agay
Joshua Gadharf
MCDONALD HOPKINS PLC
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Bloomfield Hills, MI 48304
Telephone: (248) 646-5070
Facsimile: (248) 646-5075

If an objection or response is timely filed and served, the clerk will schedule a hearing on the Motion and you will be served with a notice of the date, time and location of the hearing.

PLEASE TAKE FURTHER NOTICE that if you or your attorney do not take these steps, the court may decide that you do not oppose the relief sought in the Motion and may enter an order granting such relief.

² A response must comply with F. R. Civ. P. 8(b), (c) and (e).

Dated: June 18, 2014

Respectfully submitted,

KIRKLAND & ELLIS LLP

By: /s/ Stephen C. Hackney
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*Attorneys for Syncora Guarantee Inc. and
Syncora Capital Assurance Inc.*

Exhibit 3

None [Brief Not Required]

Exhibit 4

Certificate of Service [To be filed separately]

Exhibit 5

Declaration of Stephen C. Hackney

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

In re)
	) Chapter 9
)
CITY OF DETROIT, MICHIGAN,	) Case No. 13-53846
)
Debtor.	) Hon. Steven W. Rhodes
)

**DECLARATION OF STEPHEN C. HACKNEY IN SUPPORT OF
SYNCORA’S MOTION TO COMPEL FULL AND FAIR RESPONSES TO
SYNCORA’S INTERROGATORIES**

1. I am a partner at Kirkland & Ellis LLP, attorneys for Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (“Syncora”) in the above-captioned action. I submit this declaration in support of the *Motion to Compel Full and Fair Responses to Syncora’s Interrogatories* (the “Motion to Compel”).

2. Syncora served its first set of interrogatories on the City on April 11, 2014 [Doc. No. 4036]. On May 6, 2014, the City provided its initial set of responses. *See* Syncora’s Mot. to Compel at 3 [Doc. No. 4557]. Many of the City’s answers to Syncora’s interrogatories were nonresponsive and incomplete. In addition, the City made extensive use of Rule 33(d) and included a host of general objections that it incorporated into all of its responses. For example, in response to the interrogatory asking the City to identify all works of art valued at \$1 million or more, the City provided the following response:

In addition to its General Objections, the City objects to this interrogatory as vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects that the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for the DIA and its operations. Subject to and without waiving these objections, the City states that Works of Art are not valued for this purpose and it would be unduly burdensome and misleading to attempt to identify all Works of Art in the Collection that have been valued at \$1 million or more. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of deaccessioned works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

3. During a subsequent meet-and-confer, counsel for Syncora explained that many of the City's responses were deficient. In response, the City agreed to supplement its answers. On the Art Interrogatories, Syncora provided the City with the option of "either answer[ing] the rog or say[ing] it doesn't know the answer." (Ex. 6D, 5/14/2014 E-mail from S. Hackney to G. Irwin.) The City chose the latter option.

4. On June 2, 2014, the City provided its first set of supplemental responses. As part of those responses, the City did not provide any supplemental responses to the Art Interrogatories. (*See* Ex. 6B, City's Objections and Supplemental Responses.)

5. On June 3, 2014, the parties conducted another meet-and-confer regarding the Art Interrogatories. During that meet-and-confer, Syncora explained

that the City was required to affirmatively state that it did not know the answer to the Art Interrogatories, and that it had not done so. (*See* Ex. 6E, 6/4/2014 E-mail from W. Arnault to G. Irwin.) Syncora again requested that the City either provide the requested answers or state that it did not know them. The City chose the latter option.

6. As counsel for Syncora explained in an email to counsel for the City, “per our discussion, except for the three art interrogatories you’ve identified below, you’ve agreed that the City will supplement its answers by stating that the City does not know the answer to the questions posed in the applicable interrogatories.” (*Id.*) In response, counsel for the City stated that, “In many instances we would have partial information (we did have the Christies report) but we’ll acknowledge that the answers to these questions reside with DIA, not the City.” (Ex. 6E, 6/4/2014 E-mail from G. Irwin to W. Arnault.)

7. On June 9, 2014, the City provided its second supplemental interrogatory responses. (*See* Ex. 6C, City’s Objections and Second Supplemental Responses.) The City provided essentially the same response to each of the Art Interrogatories:

Documents relating to the City’s knowledge as to the subject matter of this request can be found at POA00257802-POA00258006, POA00258033-POA00258245, POA 00261726-POA00262345 and POA00262348-POA00262496, which speak for themselves. It is the City’s understanding and belief that the information needed to answer this request fully and accurately is in the possession of the DIA, if

anyone, and directs Objectors to the documents they have subpoenaed from the DIA.

(*See id.* at 3, 4, 7, 9, 10, 13.)

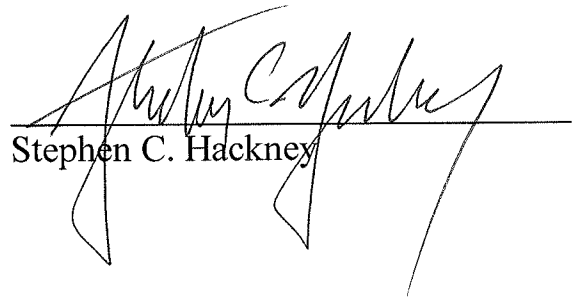
8. None of the documents the City identifies are fully responsive to the Art Interrogatories. For example, the documents do not (a) identify all DIA art worth more than \$1 million; (b) the 300 most valuable works of art; (c) all restrictions on the 300 most valuable works of art; (d) all works of art that were not purchased with City funds; (e) all works of art that were sold by the City or DIA; (f) all restrictions on alienability on the art sold by the City or DIA; and (g) the number of visitors to the DIA, on an annual basis, from 1883 to the present. *See Syncora's First Set of Interrog.* at 8-9 [Doc. No. 4036].

9. After receiving these deficient responses, Syncora again informed the City that it still had not complied with the parties' agreement. (*See Ex. 6F, 6/10/2014 E-mail from S. Hackney to G. Irwin.*) In an attempt to avoid motion practice, Syncora offered to provide language that would constitute an acceptable response to the Art Interrogatories.¹ The City refused Syncora's offer. (*See Ex. 6F, 6/11/2014 E-mail from G. Irwin to S. Hackney.*)

¹ *See Ex. 6F, 6/10/2014 E-mail from S. Hackney to G. Irwin* ("I am totally willing to avoid motion practice if the City will provide answers that say, for example, 'Other than as reflected in the Christie's valuation, found at document x, the City does not know what pieces in the collection are worth more than \$1 million.' Similar answers can be crafted for each rog. If you'd like, we can propose language to you that would be acceptable that we believe to be true.")

I declare under penalty of perjury that the foregoing are true and correct to the best of my knowledge, information, and belief.

Chicago, Illinois
Dated: June 18, 2014



Stephen C. Hackney

Exhibit 6A

**City of Detroit's Objections and Responses to Syncora Capital Assurance Inc.
and Syncora Guarantee Inc.'s First Set of Interrogatories
to the City of Detroit**

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

In re	)	Chapter 9
CITY OF DETROIT, MICHIGAN,	)	Case No. 13-53846
Debtor.	)	Hon. Steven W. Rhodes
)	
)	

**CITY OF DETROIT’S OBJECTIONS AND RESPONSES TO SYNCORA
CAPITAL ASSURANCE INC. AND SYNCORA GUARANTEE INC.’S
FIRST SET OF INTERROGATORIES TO THE CITY OF DETROIT**

The City incorporates the following general objections into each of its specific responses to these Interrogatories. The assertion of the same, similar, or additional objections, or a partial response to any individual request, does not waive any of City’s general objections.

The City’s responses to these Interrogatories are provided without prejudice to the City’s right to supplement them at any time prior to trial or to otherwise produce evidence based on later discovered information. As a result, the City reserves the right to supplement its responses in light of new information or inadvertent errors or omissions herein.

Moreover, the City’s responses to these Interrogatories shall be made without prejudice to the City’s right to introduce any and all evidence of any kind in these proceedings. Further, the City reserves the right to introduce evidence from any witness during these proceedings, even if that evidence was not provided

in response to these Interrogatories due to mistake, oversight, inadvertence, misinterpretation, or otherwise.

Finally, a response to any of these Interrogatories does not constitute an implicit or explicit admission by the City that it agrees with any of Syncora Capital Assurance Inc. and Syncora Guarantee Inc.'s (the "Objectors") characterizations or definitions contained therein, or that the information sought is likely to lead to the discovery of admissible evidence. Except for the facts explicitly admitted herein, no admission of any nature whatsoever is to be implied by or inferred from any statement anywhere in this document.

GENERAL OBJECTIONS

1. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent they seek to impose a burden or obligation beyond those required by the Federal Rules of Civil Procedure, the Federal Rules of Bankruptcy Procedure, the local rules of the United States Bankruptcy Court for the Eastern District of Michigan, any other applicable procedural rules, or the Fourth Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor's Plan of Adjustment ("Scheduling Order"), or the most recently filed version of that Order. Specifically, the City objects to any request which seeks to require the disclosure of expert materials prior to the time specified in the Scheduling Order for disclosure of experts. See

Fourth Amended Scheduling Order, at ¶ 9 (June 10, 2014, is the deadline to file list of experts).

2. The City's response to each and every one of these Interrogatories is subject to any applicable competence, relevance, materiality, propriety, and admissibility objections, and to any and all other objections on any grounds that would require the exclusion of any statements contained herein if any of these Interrogatories were asked of, or statements contained herein were made by, a witness present and testifying in court. The City explicitly reserves all such objections and may interpose them at trial.

3. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent that they seek information subject to the attorney-client privilege, attorney work product doctrine, the settlement or mediation privilege (*see* Dkt. 0322), the common interest doctrine and/or any other applicable privilege or immunity, or to a protective order and/or stipulation of confidentiality between the City and any third party. Further, any responses to these Interrogatories shall not be deemed a waiver or impairment of the City's rights or any claim of privilege or immunity.

4. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent they seek information that is confidential or proprietary business information, trade secrets, other proprietary

information, intellectual property, and/or commercially sensitive information of a third party to whom the City owes a legal obligation of non-disclosure. Such information will only be provided pursuant to a court-entered protective order and with the consent of the operative third parties.

5. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent they request information protected from discovery by any right to privacy or any other applicable privilege, including the right to privacy of third parties, or by the City's obligations under applicable law to protect such confidential information.

6. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent they seek discovery of information that is not reasonably accessible, on the grounds of undue burden and cost. By stating that it will produce or make available information responsive to a particular interrogatory, the City represents that it will produce responsive, non-privileged information subject to reasonable limitations on the scope of the search, review, and production of such information due to the cost and burden of production.

7. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, as unduly burdensome and oppressive to the extent they purport to require the City to search facilities and inquire of its

officers, employees, representatives, attorneys, advisors and/or agents other than those facilities and officers, employees, representatives, attorneys, advisors and/or agents reasonably expected to have responsive, non-privilege information.

Accordingly, the City's responses to these Interrogatories are based upon (1) a reasonable search, given the time permitted to respond to these Interrogatories, of facilities and files reasonably expected to possess responsive, non-privilege information and (2) inquiries of the City's officers, employees, representatives, attorneys, advisors and/or agents who could reasonably be expected to possess responsive, non-privilege information.

8. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent they seek disclosure of information not within the City's possession, custody, or control.

9. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent they seek information that is neither relevant to the subject matter of this action nor reasonably calculated to lead to the discovery of admissible evidence. Moreover, the City objects to each and every one of these Interrogatories, and the instructions and definitions therein, as overbroad, unduly burdensome, not relevant and not reasonably calculated to lead to the discovery of admissible evidence to the extent they seek information

relating to an individual topic or subject area for a time period outside the scope of the subject matter at issue in this proceeding.

10. The City objects to each and every one of the Objectors' definitions, instructions, and interrogatories to the extent that they are or purport to be so comprehensive as to be impossible or unduly burdensome and expensive to answer literally. Such definitions and requests are overly broad, vague, unduly burdensome, and do not describe the requested information with reasonable particularity. The City also objects to each and every one of these Interrogatories, and the instructions and definitions therein, as overbroad, unduly burdensome, not relevant and not reasonably calculated to lead to the discovery of admissible evidence to the extent they seek information regarding "any" or "all" persons, entities, objects, or events relating to an individual topic or subject area. Specifically, the City objects to the phrase "all" as it is used throughout these Interrogatories to the extent that it requires the City to engage in extensive research, in order to identify each and every matter that may possibly be responsive to an Interrogatory.

11. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent that any term, phrase or word used therein is vague and ambiguous, subject to varying interpretation, requires subjective knowledge by any other party other than the City, or involves issues of

law subject to resolution by the court. The City will respond to each and every Interrogatory to the extent possible, based on the most objectively reasonable interpretation of each such term, phrase or word in the Interrogatory. To that end, any terms not otherwise defined by these Interrogatories, and the instructions and definitions therein, will be given the definitions reflected in the most recently filed version of the City's Chapter 9 Plan for the Adjustment of Debts of the City of Detroit (the "Plan") and the most recently filed version of the City's Disclosure Statement With Respect to Chapter 9 Plan for the Adjustment of Debts of the City of Detroit (the "Disclosure Statement"). In addition, for the purposes of its responses to these Interrogatories, the City will define the terms "Plan," "Disclosure Statement," and "Scheduling Order" to mean the most recently filed versions of those documents.

12. The City objects to each and every one of these Interrogatories to the extent that they either do not specify a responsive time period or specify a time period that is not relevant to the Objectors' claims or defenses as overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. Accordingly, the City's responses to these Interrogatories are limited to the time period of January 1, 2013 through the date of the City's response to these Interrogatories.

13. The City objects to the definition of “City,” “you” and “your” insofar as they purport to include “the City of Detroit, Michigan, and, as applicable, its officers, employees, representatives, attorneys, advisors and/or agents” because such an expansive definition is overly broad, unduly burdensome, and potentially calls for information that is not within the possession, custody, or control of the City, or its advisors, Ernst & Young, Conway MacKenzie, and Miller Buckfire.

14. The City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent that the information sought is unreasonably cumulative or duplicative, or is obtainable from some other source that is more convenient, less burdensome, or less expensive. Specifically, the City objects to each and every one of these Interrogatories, and the instructions and definitions therein, to the extent the information sought is equally available to the Objectors, including information that is publicly available and/or already in the Objectors’ possession, as providing such information would be unduly burdensome.

15. The City objects to these Interrogatories insofar as they exceed the 25-interrogatory limit under Federal Rule of Civil Procedure 33, as made applicable to this proceeding by the Federal Rules of Bankruptcy Procedure 7026, 7033, 9014, and 9016, and to the extent they contain multiple and often unrelated subparts that should be the subject of multiple, separate interrogatories.

16. The City's general and specific objections are made based on its understanding and interpretation of each Interrogatory. The City reserves the right to supplement its Objections should the Objectors subsequently put forth an interpretation of any Interrogatory differing from the City's interpretation of the same language. The City reserves the right to object on any ground at any time to other discovery requests the Objectors may propound involving or relating to the same subject matter of these Interrogatories.

17. The City's responses to these Interrogatories reflect the current state of its knowledge and understanding regarding matters about which the inquiry has been made. The City reserves its rights to supplement or modify its responses with any relevant information as it may hereafter discover and will do so to the extent required by the Federal Rules of Civil Procedure, the Federal Rules of Bankruptcy Procedure, the local rules of the United States Bankruptcy Court for the Eastern District of Michigan, or any other applicable procedural rules.

18. By responding to these Interrogatories, the City is not implicitly or explicitly agreeing with or otherwise adopting the Objectors' characterizations or definitions contained therein, or admitting or conceding that the information sought is likely to lead to the discovery of admissible evidence. Except for any facts explicitly admitted in the City's objections or responses, no admission of any

nature whatsoever is to be implied by or inferred from any statement anywhere in this document.

19. Each of these General Objections is incorporated by reference into each of the objections set forth below and each response set forth below is made without waiving any of these General Objections.

RESPONSES TO INTERROGATORIES

1. Identify all Works of Art in the Collection that have been valued at \$1 million or more.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 1:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects that the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for the DIA and its operations. Subject to and without waiving these objections, the City states that Works of Art are not valued for this purpose and it would be unduly burdensome and misleading to attempt to identify all Works of Art in the Collection that have been valued at \$1 million or more. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of deaccessioned works. The City will provide copies of these documents or seek

access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

2. Identify the 300 most valuable Works of Art in the Collection.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 2:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects that the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for the DIA and its operations. Subject to and without waiving these objections, the City states that Works of Art are not valued for this purpose and it would be unduly burdensome and misleading to attempt to identify the 300 most valuable Works of Art. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of deaccessioned works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

3. Identify all restrictions on alienability on the Works of Art identified in response to Interrogatory No. 2.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 3:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects to the extent that this interrogatory seeks legal analyses and conclusions or seeks information or documents that are privileged or otherwise protected from disclosure. The City further objects to the breadth of this request insofar as it purports to demand that the City identify “all” restrictions on alienability. Subject to and without waiving these objections, the City answers and responds as follows. For more than a century, the people of the City of Detroit and the State of Michigan, various institutions and foundations, the DIA Corp., and the City, among others, have contributed their property, funds, family treasures, time, support and goodwill to, or for the benefit of, the Museum. Objects became part of the Museum Art Collection through thousands of transactions entered into under vastly differing circumstances over the course of more than 100 years. As a result and given disparate views of certain stakeholders, the City has not established with certainty whether it has the legal authority to use any of those objects to satisfy its debts and obligations. This is particularly true as to those works of art that are not credited as having been acquired using City funds. Even if the City could fully validate the extent of its property interest in the works of art in the Museum Art Collection, the

City's ability to sell, transfer or convey objects in the Museum Art Collection may be limited as a matter of law and fact. Although the City cannot predict all of the likely challenges that would be raised if it sought to monetize the DIA assets in whole or in part, it is highly likely that the Attorney General, the DIA Corp. and others will move vigorously in an effort to prevent such monetization. Opposing parties may contend, by way of example, that: (a) the DIA assets in whole or in part are held in charitable trust consistent with Attorney General Opinion 7272; (b) the DIA assets are immune from sale pursuant to the public trust doctrine; (c) various legal doctrines (such as election, dedication, unjust enrichment, estoppel and the law of fixtures), statutes and various trust-related doctrines prohibit or bar the City from benefiting from the use of such DIA assets; (d) express and implied donative restrictions limit the City's rights with respect to such DIA assets; and (e) contract and policy provisions prohibit the City from monetizing any of the DIA assets. Some of these restrictions are addressed in the DIA Corp.'s position paper and Attorney General Opinion 7272. The City potentially could decide to challenge each of these arguments, but there is no assurance that the City would prevail if it did so. If a court concludes that these restrictions or other barriers are valid and binding, the City would not be able to use the DIA assets to satisfy obligations to creditors. In addition to these legal and factual restrictions on the ability of the City to transfer, sell or convey some or part of the Museum Art

Collection, the City also recognized that there are various other potential ethical, public policy and practical restrictions on the City's ability to use DIA assets to satisfy City debts and obligations. Although the City is required to address the interests of creditors, it is not required to sell assets to satisfy obligations to creditors. Indeed, it is appropriate for the City to consider the effect of the sale of DIA assets on the City and its viability post-bankruptcy. As relevant here, the DIA in its current form is the result of more than 100 years of public-private charitable collaboration for the benefit of the people of the City of Detroit and the State of Michigan. Even if the City could lawfully do so, the City may appropriately consider whether it should repurpose charitable contributions to address the City's financial crisis in a manner that may not have been intended by many donors to the DIA. In addition, the DIA serves an important public function. The City may appropriately consider the effect that a sale of DIA assets would have on the DIA the future of the City and the community resources available to the Public.

4. Identify all Works of Art in the Collection that were not purchased with City funds.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 4:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects as the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement,

which gives the DIA Corp. control over and responsibility for DIA and its operations. Subject to and without waiving these objections, the City states that, for more than a century, the people of the City of Detroit and the State of Michigan, various institutions and foundations, the State of Michigan, the DIA Corp. and the City, among others, have contributed their property, funds, family treasures, time, support and goodwill to or for the benefit of the DIA. Funds from various sources have been used in various ways to develop and maintain the Museum Art Collection. Although works of art in the Museum Art Collection are given a "credit line" to acknowledge a donor or contributor of funds or artwork, it would be unduly burdensome and misleading to distinguish in general terms between and among those objects that were donated, those that were acquired solely with specific and traceable funds, those that were acquired using funds from various sources and those that were acquired in commingled transactions. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of Major Works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp.

5. Identify all Works of Art that have been sold by the City or DIA Corp.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 5:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects that the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for the DIA and its operations. Subject to and without waiving these objections, the City states that the answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of deaccessioned works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

6. Identify all restrictions on alienability on the Works of Art identified in response to Interrogatory No. 5.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 6:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects to the extent that this interrogatory seeks legal analyses and conclusions or seeks information or documents that are privileged or otherwise protected from disclosure. The City further objects to the breadth of this request insofar as it purports to demand that

the City identify ""all"" restrictions on alienability. Subject to and without waiving these objections, the City answers and responds as follows. For more than a century, the people of the City of Detroit and the State of Michigan, various institutions and foundations, the State of Michigan, the DIA Corp., and the City, among others, have contributed their property, funds, family treasures, time, support and goodwill to, or for the benefit of, the Museum. Objects became part of the Museum Art Collection through thousands of transactions entered into under vastly differing circumstances over the course of more than 100 years. As a result and given disparate views of certain stakeholders, the City has not established with certainty whether it has the legal authority to use any of those objects to satisfy its debts and obligations. This is particularly true as to those works of art that are not credited as having been acquired using City funds. Even if the City could fully validate the extent of its property interest in the works of art in the Museum Art Collection, the City's ability to sell, transfer or convey objects in the Museum Art Collection may be limited as a matter of law and fact. Although the City cannot predict all of the likely challenges that would be raised if it sought to monetize the DIA assets in whole or in part, it is highly likely that the Attorney General, the DIA Corp. and others will move vigorously in an effort to prevent such monetization. Opposing parties may contend, by way of example, that: (a) the DIA assets in whole or in part are held in charitable trust consistent with Attorney

General Opinion 7272; (b) the DIA assets are immune from sale pursuant to the public trust doctrine; (c) various legal doctrines (such as election, dedication, unjust enrichment, estoppel and the law of fixtures), statutes and various trust-related doctrines prohibit or bar the City from benefiting from the use of such DIA assets; (d) express and implied donative restrictions limit the City's rights with respect to such DIA assets; and (e) contract and policy provisions prohibit the City from monetizing any of the DIA assets. Some of these restrictions are addressed in the DIA Corp.'s position paper and Attorney General Opinion 7272. The City potentially could decide to challenge each of these arguments, but there is no assurance that the City would prevail if it did so. If a court concludes that these restrictions or other barriers are valid and binding, the City would not be able to use the DIA assets to satisfy obligations to creditors. In addition to these legal and factual restrictions on the ability of the City to transfer, sell or convey some or part of the Museum Art Collection, the City also recognized that there are various other potential ethical, public policy and practical restrictions on the City's ability to use DIA assets to satisfy City debts and obligations. Although the City is required to address the interests of creditors, it is not required to sell assets to satisfy obligations to creditors. Indeed, it is appropriate for the City to consider the effect of the sale of DIA assets on the City and its viability post-bankruptcy. As relevant here, the DIA in its current form is the result of more than 100 years of public-

private charitable collaboration for the benefit of the people of the City of Detroit and the State of Michigan. Even if the City could lawfully do so, the City may appropriately consider whether it should repurpose charitable contributions to address the City's financial crisis in a manner that may not have been intended by many donors to the DIA. In addition, the DIA serves an important public function. The City may appropriately consider the effect that a sale of DIA assets would have on the DIA the future of the City and the community resources available to the Public.

7. Identify the number of visitors, on an annual basis, at DIA Corp. from 1883 to the present.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 7:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. In particular, being asked to identify information as far back as 1883 is unduly burdensome. The City further objects as the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for DIA and its operations. Subject to and without waiving these objections, the City states that the answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the documents that reflect museum attendance

and museum survey information for the 2010-2014 period. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

8. Identify, on an annual basis, the funds that the City has provided to DIA Corp. from 1883 to the present.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 8:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. In particular, being asked to identify information as far back as 1883 is unduly burdensome. The City further objects as the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for DIA and its operations. Subject to and without waiving these objections, the City states that it has in various ways and at various times contributed funds for the charitable and public purpose of supporting the DIA. In so doing, it has provided funds to the DIA Corp., which is a charitable non-profit corporation initially established pursuant to 1885 PA 3 and which the Attorney General of the State of Michigan has declared to be a charitable trust. The City currently provides no operating funds to support the DIA and ceased allocating funds for development of the Museum Art Collection in the 1950s. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to

produce and/or make available for inspection and copying, including the documents in the archival files. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

9. Identify all communications between the City and third-parties relating to the monetization of the Collection.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 9:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects to the extent that this interrogatory seeks information or documents that are privileged or otherwise protected from disclosure (e.g., discussions in mediation proceedings). In particular, the City states that the value and treatment of DIA assets was an often-discussed and highly reported topic throughout the Emergency Manager's term, and thus it would be unduly burdensome, and would not be feasible, to accurately recount each time and with whom the issue was discussed. Subject to and without waiving these objections, the City answers and responds that the following entities discussed the value of DIA assets—DIA representatives; numerous creditor groups; mediators and participants in mediation; and representatives from Christie's.

10. Identify all of the non-Collection DIA Assets that the City holds title to.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 10:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. In particular, the term “non-Collection DIA Assets” is vague. Subject to and without waiving these objections, the City states that information regarding non-Collection assets can be found at Exhibit A to Exhibit I.A.89 (Principal Terms of the DIA Settlement) of the Plan. The City also refers objector to the listing of fixed assets found at POA00253350-3354, but states that the \$27,368,674.00 entry in connection with Tag Number B11000011 was determined to be overstated by \$23,297,962.00 in connection with the City’s 2010 audit and has been removed from the CAFR since that time.

11. Identify all of the Works of Art in the Collection that are currently on display to the public.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 11:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects as the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for DIA and its

operations. Subject to and without waiving these objections, the City states that Works of Art are displayed, loaned, studied and stored at various times and for various reasons. Thus, it would be unduly burdensome and misleading to attempt to identify all Works of Art in the Collection that are currently on display to the public. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of Major Works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp.

12. Identify all federal, state, or private funds that the City expects to receive in the next ten years.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 12:

In addition to its General Objections, the City objects as this interrogatory is overly broad and unduly burdensome in that there is no centralized tracking system for grant information city-wide. Subject to and without waiving its objections, the City refers Objector to, among other documents, POA00031957 -1980 for information responsive to this interrogatory. Further, the City refers Objectors to the KPMG, OMB Circular A-133 Single Audit Report for the year ended June 30, 2012, which is available on the City's website, and contains information about grants.

13. Identify all judgments against the City under the Revised Judicature Act.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 13:

In response to Interrogatory No. 13, the City states that there were no judgments against the City from January 1, 2013 to the present.

14. For all judgments identified in response to Interrogatory No. 13, describe how the City paid those judgments.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 14:

In response to Interrogatory No. 14, the City states that all judgments against the City under the Revised Judicature Act are paid by check from the City's General Fund, provided that certain prepetition judgments have not been paid, and will be subject to treatment as claims pursuant to the terms of the Plan.

15. Describe the enforcement remedies available to the City's pension-holders and/or the Retirement Systems had the City not filed for bankruptcy.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 15:

In addition to its General Objections, the City objects as this interrogatory is vague and ambiguous. The City further objects because this interrogatory calls for speculation and seeks legal analyses and conclusions.

16. Identify all of the opportunities described in Document 5.29.1.10.1 that the City does not intend to implement.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 16:

In addition to its General Objections, the City objects as this interrogatory is vague in that it does not sufficiently describe the document referred to. If the

document referenced is the Diagnostic Synthesis Templates dated October 1, 2010, the City responds that it believes the document was created by McKensie & Company, and not by the current advisors of the City. It is unclear that any analysis of this specific document has been undertaken since it was written; however, the City refers the Objectors to the City's production of documents on its reinvestment and revitalization initiatives for information on activities with respect to some of the "opportunities" identified in this document.

17. Describe the methodology that the City utilized to forecast state revenue sharing payments.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 17:

In addition to its General Objections, the City objects as this interrogatory is vague, overly broad and unduly burdensome. Subject to and without waiving its objections, the City responds that the state revenue sharing projections are based on input from the Michigan State Treasury. *See* POA00232591. The fiscal year 2014 and 2015 projections contemplate estimated state revenue-sharing payments to the City from the State of Michigan Treasury Department's website. Revenue estimates project economic vitality incentive payments ("EVIP"), and constitutional sharing of sales tax revenue, separately. EVIP revenue is projected to remain flat at the fiscal year 2014 level due to its discretionary nature. Constitutional sharing of sales tax revenue is driven by growth of State sales tax and population. Sales tax is projected to grow approximately 2.9% annually

beginning in fiscal year 2017. The City's population growth is based on the Southeast Michigan Council of Government's estimates, which is projected to decrease, impacting revenues from revenue sharing adversely in fiscal year 2021.

18. Describe the basis for the City's determination of the aggregate allowed OPEB Claims (\$3,184,900,000).

OBJECTION AND RESPONSE TO INTERROGATORY NO. 18:

In addition to its General Objections, the City objects as this interrogatory is vague and ambiguous. In particular, the OPEB claim amount listed in the interrogatory (\$3,184,900,000) is not the value of the claim listed in the most recent version of the Plan. Rather, the most recent OPEB claim is approximately \$4.3 billion. Subject to and without waiving its objections, the City responds by referring to the Disclosure Statement, Section VIII.L.3.d.

19. Identify any funds that the State of Michigan owes to the City.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 19:

In addition to its General Objections, the City objects as this interrogatory is vague. Subject to and without waiving its objection, the City refers Objector to the document numbered POA00188710, and notes that amounts listed as being owed by departments of the State of Michigan, or entities related to the State of Michigan, as well as other individuals and entities, may be subject to disputes, including disputes regarding unapplied payments.

20. For all funds identified in response to Interrogatory No. 19, describe any and all efforts by the City to collect those funds.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 20:

In addition to its General Objections, the City objects as this interrogatory is vague, overbroad and unduly burdensome. Subject to and without waiving its objections, the City responds that collection of accounts receivable which are not paid in full within thirty (30) days after the issuance date, become the responsibility of the Treasurer. The Treasury Revenue Collections Unit (“RCU”) is currently performing a comprehensive data cleanse and analysis of delinquent accounts receivable to ensure the accuracy of the net realizable value. This unit manages the active billing for various City departments. In addition, the RCU is responsible for the preparation and processing of delinquent accounts including, but limited to, ensuring best efforts are made to recover past due accounts using generally accepted collection techniques. Two third-party collection agencies are utilized on an as-needed basis to augment overall collection efforts.

21. Identify the total amount of delinquent property taxes owed to the City.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 21:

In addition to its General Objections, the City objects as this interrogatory is overly broad and unduly burdensome. Subject to and without waiving its objections, the City responds that due to the complexity of the City's property tax

system, partially resulting from its participation in the Wayne County Delinquent Tax Revolving Fund, in combination with the 2008 financial crisis, which resulted in greatly increased numbers of delinquent property taxes, and a computer system which was not designed to deal with such a complex system, the City is unable, without a great deal of work, effort and the diversion of already strapped resources, to identify with any accuracy the delinquent property taxes owed to the City.

22. Identify the total amount of delinquent income taxes owed to the City.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 22:

In addition to its General Objections, the City objects as this interrogatory is vague, overly broad and unduly burdensome. Subject to and without waiving its objections, the City refers the Objectors to documents numbered POA00214500, POA00214501, POA00214502, and POA00214503.

23. Identify the reasons for, and the documents supporting, the decrease in the City's property tax revenues from \$182.7 million in 2011 to \$147.8 million in 2012.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 23:

In addition to its General Objections, the City objects as this interrogatory is vague, overly broad and unduly burdensome. Subject to and without waiving its objections, the city responds that the 2011 property tax revenues were higher than those in 2012 due to (a) an accounting adjustment totaling approximately \$35.0 million and related to County, Library and DPS liabilities being overstated, and (b)

a decrease in property tax revenue in 2012. The City also refers the Objectors to documents numbered POA00188641 to 8706.

24. Identify each City asset whose actual or estimated value exceeds \$2 million.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 24:

In addition to its General Objections, the City objects as this interrogatory is vague, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. In particular, the large number and disparate types of assets owned by the City make responding to this interrogatory in detail unduly burdensome. Subject to and without waiving its objections, the City responds that this interrogatory is not reasonably calculated to lead to the discovery of admissible evidence because (a) the City has not identified any asset that will be disposed of for the purpose of satisfying creditors' claims; and (b) the City cannot liquidate and dispose of all assets to generate proceeds for the payment of creditor claims, nor can it be required to do so. Subject to and without waiving its objections, with respect to the value of the DIA Assets, the City refers the Objectors to the Christie's appraisal and further notes that not all assets of the DIA are assets of the City. With respect to other assets, the City refers the Objectors to the numerous documents it has produced relevant to the value of various City assets.

25. For each Interrogatory, identify every person who provided information and/or Documents that were utilized in preparing the response to that Interrogatory.

OBJECTION AND RESPONSE TO INTERROGATORY NO. 25:

Based on the large number of interrogatories propounded to the City, the time limits on the response, and the number of individuals involved in this effort, the City objects as this interrogatory is overly broad and unduly burdensome. Subject to and without waiving its objections, the City refers Objector to its Witness List [Dkt. 4187], and further responds that, in addition to counsel, the individuals, or their staffs, who contributed to the responses to these interrogatories, are identified on the Witness List.

Dated: May 6, 2014

Respectfully submitted,

/s/ Bruce Bennett

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ATTORNEYS FOR THE CITY OF DETROIT

VERIFICATION

I, Kevyn D. Orr, state that I sign and verify the foregoing Debtor's Responses to the foregoing Interrogatories on behalf of Debtor, and that I am duly authorized to do so. I verify under penalty of perjury under the laws of the United States of America that the foregoing answers are true and correct, except as to those matters as to which I lack personal knowledge. As to those matters I state that, based on the information available to me, they are true and correct to the best of my information and belief.

May 6, 2014



Kevyn D. Orr

Exhibit 6B

City of Detroit's Objections and Supplemental Responses to Syncora Capital Assurance Inc. and Syncora Guarantee Inc.'s First Set of Interrogatories to the City Detroit

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

In re	)	Chapter 9
CITY OF DETROIT, MICHIGAN,	)	Case No. 13-53846
Debtor.	)	Hon. Steven W. Rhodes
)	
)	

**CITY OF DETROIT’S OBJECTIONS AND SUPPLEMENTAL
RESPONSES TO SYNCORA CAPITAL ASSURANCE
INC. AND SYNCORA GUARANTEE INC.’S FIRST
SET OF INTERROGATORIES TO THE CITY OF DETROIT**

Pursuant to Federal Rules of Civil Procedure Rules 26 and 33, as made applicable to this proceeding by the Federal Rules of Bankruptcy Procedure 7026, 7033, and 9014, the City of Detroit, Michigan (the “City”) hereby submits the following objections and supplemental responses to certain of the First Set of Interrogatories (“Interrogatories”) propounded by Syncora Capital Assurance Inc. and Syncora Guarantee Inc. (collectively, the “Objectors” or “Syncora”).

The City hereby incorporates the introductory statement and General Objections from its May 6, 2014 response to Syncora’s interrogatories. Subject to and without waiving that statement or its General Objections, the City has met and conferred with counsel to Syncora and supplements its initial responses as follows.

SUPPLEMENTAL RESPONSES TO INTERROGATORIES

13. Identify all judgments against the City under the Revised Judicature Act.

RESPONSE TO INTERROGATORY NO. 13:

In response to Interrogatory No. 13, the City states that there were no judgments against the City from January 1, 2013 to the present.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 13:

The City has met and conferred with counsel to Syncora and understands this request to be limited to judgments against the City that were enforced under the Revised Judicature Act, specifically by either raising real estate taxes or issuing municipal bonds. Subject to that clarification, the City states that based on the best information available to it, there has been only one such judgment since 1990. The City levied in Fiscal Year 1992 for a judgment rendered by the Circuit Court against the City relating to a lawsuit of a subcontractor for the Detroit Receiving Hospital construction. The millage levied on the tax rolls for that year was 1.024 mills in order to return \$5,790,511 in proceeds. The City is unaware of any other judgment levies or bonds since 1990.

14. For all judgments identified in response to Interrogatory No. 13, describe how the City paid those judgments.

RESPONSE TO INTERROGATORY NO. 14:

In response to Interrogatory No. 14, the City states that all judgments against the City under the Revised Judicature Act are paid by check from the City's General Fund, provided that certain prepetition judgments have not been paid, and will be subject to treatment as claims pursuant to the terms of the Plan.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 14:

The City has met and conferred with counsel to Syncora and refers Syncora to its Supplemental Response to Interrogatory No. 13.

15. Describe the enforcement remedies available to the City's pension-holders and/or the Retirement Systems had the City not filed for bankruptcy.

RESPONSE TO INTERROGATORY NO. 15:

In addition to its General Objections, the City objects as this interrogatory is vague and ambiguous. The City further objects because this interrogatory calls for speculation and seeks legal analyses and conclusions.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 15:

The City has met and conferred with counsel to Syncora and understands that it will satisfy this request by indicating that the issue of enforcement of remedies is a legal question governed by reference to applicable law. The City states that, as a general matter, the City's pension holders and the Retirement

Systems would have the same rights as any other unsecured creditor to enforce nonpayment of debts; outside of bankruptcy, claims for pension funding are protected by the Michigan Constitution. Even if such relief were available, it would be temporary in duration and would not address the severe underfunding condition in the pension plans.

16. Identify all of the opportunities described in Document 5.29.1.10.1 that the City does not intend to implement.

RESPONSE TO INTERROGATORY NO. 16:

In addition to its General Objections, the City objects as this interrogatory is vague in that it does not sufficiently describe the document referred to. If the document referenced is the Diagnostic Synthesis Templates dated October 1, 2010, the City responds that it believes the document was created by McKinsey & Company, and not by the current advisors of the City. It is unclear that any analysis of this specific document has been undertaken since it was written; however, the City refers the Objectors to the City's production of documents on its reinvestment and revitalization initiatives for information on activities with respect to some of the "opportunities" identified in this document.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 16:

The City refers the Objectors to the comparison of Document 5.29.1.10.1 to the Plan provided in Exhibit A attached hereto.

18. Describe the basis for the City's determination of the aggregate allowed OPEB Claims (\$3,184,900,000).

RESPONSE TO INTERROGATORY NO. 18:

In addition to its General Objections, the City objects as this interrogatory is vague and ambiguous. In particular, the OPEB claim amount listed in the interrogatory (\$3,184,900,000) is not the value of the claim listed in the most recent version of the Plan. Rather, the most recent OPEB claim is approximately \$4.3 billion. Subject to and without waiving its objections, the City responds by referring to the Disclosure Statement, Section VIII.L.3.d.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 18:

The aggregate allowed OPEB Claims (\$4.303 billion) are the result of a settlement between the City and the Retiree Committee. Section VIII.L.3.d of the Disclosure statement (Dkt. 4391) discusses the parties' positions (the City estimated the claim to be approximately \$3.771 billion while the Retiree Committee estimated the claim to be approximately \$5 billion), as well as the process by which the settlement occurred. For details regarding the specific calculations, the City refers Syncora to the actuarial reports the City produced on May 23, 2014, as part of the Milliman production.

20. For all funds identified in response to Interrogatory No. 19, describe any and all efforts by the City to collect those funds.

RESPONSE TO INTERROGATORY NO. 20:

In addition to its General Objections, the City objects as this interrogatory is vague, overbroad and unduly burdensome. Subject to and without waiving its objections, the City responds that collection of accounts receivable which are not paid in full within thirty (30) days after the issuance date, become the responsibility of the Treasurer. The Treasury Revenue Collections Unit (“RCU”) is currently performing a comprehensive data cleanse and analysis of delinquent accounts receivable to ensure the accuracy of the net realizable value. This unit manages the active billing for various City departments. In addition, the RCU is responsible for the preparation and processing of delinquent accounts including, but not limited to, ensuring best efforts are made to recover past due accounts using generally accepted collection techniques. Two third-party collection agencies are utilized on an as-needed basis to augment overall collection efforts.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 20:

The City clarifies that the RCU manages the active *collections* for various City departments. In addition, the City has met and conferred with Syncora and understands this interrogatory to be directed at instances where State funds are being withheld until or unless the City takes specified action. Subject to that

clarification and understanding, the City states that it is not aware of any such funds or circumstances.

21. Identify the total amount of delinquent property taxes owed to the City.

RESPONSE TO INTERROGATORY NO. 21:

In addition to its General Objections, the City objects as this interrogatory is overly broad and unduly burdensome. Subject to and without waiving its objections, the City responds that due to the complexity of the City's property tax system, partially resulting from its participation in the Wayne County Delinquent Tax Revolving Fund, in combination with the 2008 financial crisis, which resulted in greatly increased numbers of delinquent property taxes, and a computer system which was not designed to deal with such a complex system, the City is unable, without a great deal of work, effort and the diversion of already strapped resources, to identify with any accuracy the delinquent property taxes owed to the City.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 21:

The City states that, as of March 1, 2014, the gross amount of delinquent real and personal property taxes owed to the City is \$295,668,369.27. This includes amounts that the City collects on behalf of other entities, such as Wayne County, school district, etc. The amount owed to the City that it could utilize for City operations is \$47,608,337.92. The City notes that the collectability of this amount remains very much in question.

24. Identify each City asset whose actual or estimated value exceeds \$2 million.

RESPONSE TO INTERROGATORY NO. 24:

In addition to its General Objections, the City objects as this interrogatory is vague, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. In particular, the large number and disparate types of assets owned by the City make responding to this interrogatory in detail unduly burdensome. Subject to and without waiving its objections, the City responds that this interrogatory is not reasonably calculated to lead to the discovery of admissible evidence because (a) the City has not identified any asset that will be disposed of for the purpose of satisfying creditors' claims; and (b) the City cannot liquidate and dispose of all assets to generate proceeds for the payment of creditor claims, nor can it be required to do so. Subject to and without waiving its objections, with respect to the value of the DIA Assets, the City refers the Objectors to the Christie's appraisal and further notes that not all assets of the DIA are assets of the City. With respect to other assets, the City refers the Objectors to the numerous documents it has produced relevant to the value of various City assets.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 24:

The City directs the Objectors to the December 17, 2013 Christie's report as to the valuation of certain artwork housed at the Detroit Institute of Arts. The City

has also produced numerous documents relating to asset valuation in its document production, and while those documents can be specifically identified within the City's document production upon request, the documents can also be found in the City's Data Room as follows:

- DIA/art: Folder 6.8.5.3. (Christie's report)
- City-owned land:
 - Folder 6.8.1.1. (Appraisals);
 - Folder 6.8.1.2. (Foreclosure and Land Sales); and
 - Folder 6.8.1.3. (Real Estate and Infrastructure Properties Summary).
- Other: Folder 6.8.2. (Machinery and Equipment Summary).

The City also states that it has retained a specialty parking consultant in connection with an effort to analyze and, potentially, monetize the parking system. That effort does not contemplate a valuation from the consultant, but the City expects that, should a bidding process be commenced, any responsive bids may be indicative of value.

The City is unaware of any other appraisals or valuations of City assets worth more than \$2 million.

25. For each Interrogatory, identify every person who provided information and/or Documents that were utilized in preparing the response to that Interrogatory.

RESPONSE TO INTERROGATORY NO. 25:

Based on the large number of interrogatories propounded to the City, the time limits on the response, and the number of individuals involved in this effort, the City objects as this interrogatory is overly broad and unduly burdensome. Subject to and without waiving its objections, the City refers Objectors to its Witness List [Dkt. 4187], and further responds that, in addition to counsel, the individuals, or their staffs, who contributed to the responses to these interrogatories, are identified on the Witness List.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 25:

The City states that, other than counsel, the following individuals assisted in responding to the interrogatories:

- **Carl Sekely** – Managing Director, Conway MacKenzie (Interrog. Nos. 21, 22, 24);
- **Chris Gannon** – Managing Director, Conway MacKenzie (Interrog. No. 12);
- **Daniel Jerneycic** – Restructuring, Ernst & Young (Interrog. Nos. 17, 19-21);
- **Donita Crumpler** – Manager II, Finance – Debt Management, City of Detroit (Interrog. Nos. 13, 14, 17);
- **Edward Keelen** – Law Department, City of Detroit (Interrog. Nos. 13, 14);
- **Eric Higgs** – Finance Department, City of Detroit (Interrog. Nos. 17, 23);
- **Jeffrey Addison** – Director, Conway MacKenzie (Interrog. No. 21);
- **John Naglick, Jr.** – Finance Director, City of Detroit (Interrog. Nos. 12, 13, 14, 19, 20);

- **Kenneth Buckfire** – CEO and Managing Director, Miller Buckfire & Co., LLC (Interrog. No. 24);
- **Kevin Hand** – Managing Director, Conway MacKenzie (Interrog. Nos. 16, 19, 20, 21, 24);
- **Kevin Richard** – Law Department, City of Detroit (Interrog. Nos. 13, 14);
- **D. Kyle Herman** – Director, Miller Buckfire (Interrog. No. 24);
- **Leighton Duncan** – Treasury, City of Detroit (Interrog. Nos. 13, 14, 17, 23);
- **Michael Jamison** – Dep. Finance Director, City of Detroit (Interrog. No. 17);
- **Nakia Johnson** – Proj. Director – Grants Administration, Office of the Emergency Manager, City of Detroit (Interrog. No. 12);
- **Richard Drumb** – Controller, City of Detroit (Interrog. No. 23);
- **Shavi Sarna** – Restructuring, Ernst & Young (Interrog. No. 17);
- **Suzanne Taranto** – Principal and Consulting Actuary, Milliman, Inc. (Interrog. No. 18); and
- **Yolaundra Johnson** – City of Detroit (Interrog. No. 17).

Dated: June 2, 2014

Respectfully submitted,

/s/ Bruce Bennett

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ATTORNEYS FOR THE CITY OF DETROIT

Detroit Department of Transportation (DDOT)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low	High
-----	------

(1) **Rationalize DDOT routing**

- Routes should be re-aligned to ensure capacity is utilized throughout the day and throughout the city. Such realignment will mean less demand on bus drivers, improved on-time performance. Reduced frequency of service could be mitigated by ITS

Additional identified financial savings/benefits:

- Additional indirect savings in reduced wear and tear on buses; opportunity to reduce fleet size

\$ 15.0	\$ 26.0
---------	---------

(2) **Lean DDOT maintenance**

- Maintenance should be leaned
- Number of mechanics should be reduced
 - Standard repair times should be established
 - Overtime should be reduced/eliminated
 - Inventory management should be improved

Additional identified financial savings/benefits:

- Additional indirect savings in reduced driver overtime

\$ 9.0	\$ 21.0
--------	---------

(3) **Reduce fare leakage**

- Increase use of smartcards, reduces wear on fareboxes, eliminate opportunity for transfers arbitrage and lighted fare collection burden on drivers. Additionally, educate drivers on importance of strict fare enforcement.

Additional identified financial savings/benefits:

- Additional indirect savings in reduced repairs to fareboxes

\$ 3.0	\$ 6.0
--------	--------

(4) **Restructure fares**

- Restructure fares, e.g. introduce peak fares and slightly raise base fare: e.g. \$1.75 most hours, \$2.25 during morning and evening rush hour. Leave student and senior/disabled fares unchanged.

Additional identified financial savings/benefits:

- Additional indirect savings through more even labor need

\$ 1.0	\$ 7.0
--------	--------

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low	High
-----	------

(1) **Rationalize DDOT routing**

- The City rationalized DDOT routes in 2012 resulting in approximately \$15 MM in annual savings. The annual savings are reflected in the base-case run-rates.

\$ 15.0	\$ 15.0
---------	---------

(2) **Lean DDOT maintenance**

- The City acknowledges that maintenance operations can be significantly improved and has included between \$1 MM - \$7 MM annually in maintenance efficiencies between FY 2015 - FY 2023. MV Transportation was contracted in 2013 to improve maintenance effectiveness and efficiency. Currently MV is running the DDOT maintenance operations. Overtime savings are included in Plan of Adjustment.

\$ 1.0	\$ 7.0
--------	--------

(3) **Reduce fare leakage**

- The City has out-sourced the DDOT cash room for various reasons including reducing leakage in the system. The City also continually educates the drivers on the importance strict fare enforcement. Other payment alternatives that reduce the use of cash are also being evaluated.

(4) **Restructure fares**

- The City has included approximately \$3 MM - \$14 MM in additional revenue, due to fare increases annually in the 10 Year projections beginning in FY 2016.

\$ 3.0	\$ 14.0
--------	---------

Public Lighting Department (PLD)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low	High
-----	------

(1) **Decommission Mistersky power plan**

- Shut down Mistersky power plant and purchase all previously-generated power from DTE. (In the long run, City may transfer customers to DTE, in which case, only power the City used directly would be purchased from DTE by the City.)

Additional identified financial savings/benefits:

- Upfront decommissioning cost of ~ \$2MM
- May need tie line upgrades of tie lines to DTE (estimated \$3-5MM)

\$ 16.0	\$ 18.0
---------	---------

(2) **Transfer T&D and power customers to DTE**

- Transfer transmission and distribution and customer service functions (e.g. meter reading) to DTE, which would maintain and operate the PLD grid, and have latitude to gradually migrate users over to its existing grid.

Additional identified financial savings/benefits:

- City may be able to avoid some of the estimated capital investment required by switching to DTE

\$ 3.0	\$ 4.0
--------	--------

(3) **Delamp sections of the city**

- Remove lamps in select sections of the city; consider replacing with more efficient lamps.

Additional identified financial savings/benefits:

- In addition, city could avoid significant capital expenses (\$30-80MM)

\$ 1.0	\$ 3.0
--------	--------

(4) **Install LED lights sections of the city**

- Install LEDs in select areas of the city

Additional identified financial savings/benefits:

- City could reduce operating cost (energy and maintenance) by 50-70%
- Run rate impact of \$0.4-6MM depending on number of LEDs installed

\$ 0.4	\$ 6.0
--------	--------

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low	High
-----	------

(1) **Decommission Mistersky power plan**

- The City shut-down Mistersky power plant during early FY11 and since then purchases all power from DTE which currently runs via the City's power grid to City customers and the City's own usage. Projections assume a transfer of all customers to DTE and an exit from the power distribution business.

N/A	N/A
-----	-----

(2) **Transfer T&D and power customers to DTE**

- The City's 10 Yr. projections assume a transfer of all customers to DTE and an exit from the power distribution business. The current plans assume the transition of customers at the beginning of FY15. The City will avoid bearing the cost of capital expenditures but may have to pay higher rates for its own electricity

N/A	N/A
-----	-----

(3) **Delamp sections of the city**

- The 10 Yr. Projections assume a reduction in the street light footprint from approximately 88 k streetlights to 55 k streetlights. Rather than discreetly de-lamping the City, this streetlight reduction will be completed in conjunction with the PLA street light conversion plan. Savings reflect estimated reduction in electricity consumption.

\$ 1.0	\$ 3.0
--------	--------

(4) **Install LED lights sections of the city**

- The current Lighting Plan of the PLA contemplates full LED lighting. Electricity saving result from using 55,000 LED lights versus HPS lights. Additional operational and long-term capital savings may be generated from the longer life of LED bulbs

\$ 1.0	\$ 2.0
--------	--------

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low	High
(\$ 9.0)	\$ 6.0

(5) Transfer street lighting to DTE

- Enter into a contract with DTE for street lighting operation and maintenance, and potentially capital investment (in the long run).

Additional identified financial savings/benefits:

- \$10MM in operational savings
- Annual payment to DTE \$11-19MM for operation
- Net run-rate impact of (\$9MM)-\$6MM
- May be savings of up to \$10MM per year in capital expense (currently, PLD is not expending needed level of capital, so savings may not assist in closing the deficit)

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low	High
N/A	N/A

(5) Transfer street lighting to PLA

- The creation of Lighting Authorities has been approved by the State of Michigan legislature. The City, in turn, has created the Public Lighting Authority ("PLA") which will sponsor the construction of a new street light system. The associated O&M agreements for the new street lights have been agreed to with the PLA (DTE will be contracted to perform the O&M during the intimal three year O&M contract between the City and the Authority) . It is estimated that this process will take 2 - 3 years to transition all lights.
- Street lighting capital expense will be paid with the proceeds of a bond offering that will provide the funds to replace the existing street light system with a new system and associated new footprint based on the City's current footprint.

(\$ 12.5)

Department of Public Works (DPW)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low	High
-----	------

N/A	N/A
-----	-----

(1) Refocus road miles maintained

- Pavement quality could be improved by reducing overall mileage maintained. While this action would entail a loss of MTF funding, it would be slight – e.g. DPW could reduce overall miles of local roads maintained by as much as 30% and risk losing only 10% of local road funding.

Additional identified financial savings/benefits:

- Because road repairs are funded by allocation from the state gas tax, and must be used for roads, there is no benefit to the General Fund
- There may be side benefits in terms of reduced liability by reducing the miles of public rights of way (currently, City spends +\$2M per year in slip and fall lawsuits alone)

(2) Re-evaluate routing, collection practices

- Reevaluate current routes to identify opportunity to reroute and improve efficiency and effectiveness and introduce a regular review cadence to track effectiveness and flag need for route adjustments. In addition, examine opportunity to separate materials at point of collection to increase revenue from metals.

Additional identified financial savings/benefits:

- Savings of \$5-7MM
- May be additional revenue from sale of recyclables, scrap metal, and better separation of organic materials
- If incineration were replaced with landfill, there would be additional benefit from these changes in avoided tipping fee
- May be additional savings if overtime reductions can be effected

\$ 5.0

\$ 7.0

(3) Privatize solid waste collection

- Outsourcing solid waste collection could reduce operating expenses by up to 15-25%

\$ 5.0

\$ 7.0

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low	High
-----	------

N/A	N/A
-----	-----

(1) Refocus road miles maintained

- The City and its advisors have not reviewed this option, as it would not impact the General Fund.

(2) Re-evaluate routing, collection practices

- The City and its advisors completed the privatization of solid waste services.

\$ 6.0

\$ 6.0

(3) Privatize solid waste collection

- The City and its advisors completed the privatization of solid waste services.

\$ 6.0

\$ 6.0

McKinsey & Company Opportunities [Oct. 1, 2010]	Financial Impact		City's Restructuring & Reinvestment Initiatives	Financial Impact	
	Low	High		Low	High
(3) Privatize solid waste collection (cont'd)	\$ 5.0	\$ 7.0			
<p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Savings of \$5-7MM by reducing operating expenditures by 15-25% - May also reduce workers compensation claims and eventually, pension expenses 					
(4) Reduce frequency of bulk collection	\$ 3.0	\$ 4.0	(4) Reduce frequency of bulk collection		Incl. above
<ul style="list-style-type: none"> ▪ Reduce frequency of bulk collection to once or twice a year *and* put in place measures to reduce potential for illegal dumping, such as adding staff at drop-off stations, and creating an aggressive enforcement program. <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - May be additional indirect benefits in reduced workers' compensation claims 					
(5) Eliminate commercial collection	< \$ 1.0		(5) Eliminate commercial collection		Minimal
<ul style="list-style-type: none"> ▪ Cease commercial solid waste collection and let private operators take over collection. <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Net benefit of <\$1MM in operational savings 					
(6) Increase recovery of solid waste fee	\$ 10.0	\$ 20.0	(6) Increase recovery of solid waste fee	TBD	TBD
<ul style="list-style-type: none"> ▪ Increase recovery of solid waste fee, in conjunction with other tax collections efforts 					
(7) Restructure GDRRA/RRF agreement	Up to \$ 5.0		(7) Restructure GDRRA/RRF agreement	N/A	N/A
<ul style="list-style-type: none"> ▪ City could renegotiate terms of agreement to cease subsidizing operation of a privately-held facility and pay market rates for waste disposal. <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Reduce cost of disposal up to \$5MM - Additional benefit would accrue if City were to maximize separation to reduce tonnage needing landfill (e.g. through increased composting) 					

Private Public Partnerships (PPP)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

- (1) **DWSD**
- Enter into a public private partnership (PPP) for some combination of operation, maintenance and capital investment in water system. This partnership may involve alterations to current governance structure of DWSD.

Additional identified financial savings/benefits:

- Operational savings of ~\$60mm
- Capital savings of ~\$60mm
- May be indirect benefits in better capital planning, greater access to financial markets

(2) **Detroit Windsor Tunnel**

\$ 10.0 \$ 40.0

- Sell concession to operate tunnel to private operator for a given term for a one-time lump sum payment.

Additional identified financial savings/benefits:

- Potential for upfront payment ranging for \$10-\$40mm
- Another partnership structure could increase receipts from toll revenue

(3) **Coleman A. Young Municipal Airport**

~ \$ 0.8

- Enter into a partnership with Vapor, a company who can provide unified operations and may provide some capital to facilitate airport upgrades.

Additional identified financial savings/benefits:

- Savings of \$800k
- Potential access to greater private capital
- Potential for share of profit from airport operations

(4) **Belle Isle**

- Increase revenue and decrease costs to City of Belle Isle, through combination of:
 - Monetizing - e.g. charging parking fee
 - PPP - entering into agreement with Friends of Belle Isle/other group to do fundraising and maintenance

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(1) **DWSD**

- The City and its advisors are exploring public private partnerships opportunities, including an agreement with an operating partner or an Authority. This process is ongoing. See the Plan of Adjustment and Disclosure Statement for additional information.

(2) **Detroit Windsor Tunnel**

- American Roads LLC, the parent company of the Detroit Windsor Tunnel, filed for protection under Chapter 11 on July 25, 2013. The City and its advisors continue to explore and evaluate its options. See the Plan of Adjustment and Disclosure Statement for additional information.

(3) **Coleman A. Young Municipal Airport**

- The City entered into an agreement with an FBO operator (Avflight) on July 1, 2011.

(4) **Belle Isle**

- The City entered into a operating lease agreement with the State of Michigan in 2013. This arrangement allows the City to use Recreation and GSD resources to maintain other City owned parks. The impact of the arrangement has been included in the POA projections.

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(4) Belle Isle (cont'd)

Additional identified financial savings/benefits:

- Savings of \$1mm annually if all operations could be transferred
- May be additional savings in reduced wear and tear on City vehicles, improvements in planning
- Parking fee may generate revenues of ~\$3mm

(5) Detroit Institute of Arts

- Find a way for the city to capitalize on the value of the artwork it owns while maintaining access to public, e.g. sale, rental (to business, home sellers, film productions), long-term lease to other museums.

Additional identified financial savings/benefits:

- One-time payment from sale of art could be sizable (e.g. tens to hundreds of millions)
- Income from rental revenue, could be ~\$1mm per year (revenue from Arts Gallery of Ontario rental and sales program)

(6) Change DWSD legal structure to increase GF benefit

- Take immediate actions to increase revenue from DWSD to General Fund, e.g. PILOT, implement differential rate of return, review infill and infiltration calculations.

Additional identified financial savings/benefits:

- \$20-\$55mm annually to General Fund
- Up to \$8mm to Detroit residents in lower water rates

(5) Detroit Institute of Arts

- The Detroit Institute of Arts is discussed in the Plan of Adjustment and Disclosure Statement. The DIA is a major component of the "Grand Bargain".

(6) Change DWSD legal structure to increase GF benefit

- The City is evaluating opportunities to lease DWSD assets to an Authority. See above.

General Services Department (GSD)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low	High
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(1) Rationalize space use

- Conduct full audit of space use in order to move departments from expensive to less expensive space. Furthermore, develop a revised buildings capital improvement plan.

Additional identified financial savings/benefits:

- Savings of \$2-5MM in lease costs
- May be additional benefit if some owned building can be sold/leased (e.g. Herman Keifer)

\$ 2.0	\$ 5.0
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(2) Improve inventory management

- Consolidate spend and improve management of inventory to improve service to department and reduce spend, particularly on expensive commodities (e.g. fuel).

Additional identified financial savings/benefits:

- GSD itself manages \$2MM in spend for supplies, and \$6MM for fuel
- Departments it manages spend \$14MM in supplies out of their own budgets
- Estimated savings of \$2-4MM

\$ 2.0	\$ 4.0
--------	--------

(3) Lean fleet maintenance

- Conduct lean diagnostic for GSD vehicle maintenance to identify opportunities to improve effectiveness.

Additional identified financial savings/benefits:

- ~\$2MM (10% of current \$20MM spend)

~ \$ 2.0	
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(4) Rationalize fleet purchases through TCO

- Introduce analysis of total cost of ownership, to both most judiciously use spend on vehicles and reduce maintenance and fuel costs over time.

Additional identified financial savings/benefits:

- Reduce spend on vehicles and fuel
- Reduce maintenance costs
- Savings of roughly \$2MM (10% of total spend)

~ \$ 2.0	
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City's Restructuring & Reinvestment Initiatives

Financial Impact

Low	High
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(1) Rationalize space use

- Space consolidation plan has been initiated. Funding for office build outs and departmental moves have been applied for through quality of life funds to implement consolidation plan.

\$ 1.1	\$ 2.7
--------	--------

(2) Improve inventory management

- Currently fleet maintenance parts management is consolidated under contract with NAPA Auto Parts. GSD is in process of developing RFP for potential privatization of all non-vehicle materials and supplies. This is part the development of an overall inventory management and logistics strategy.

TBD	TBD
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(3) Lean fleet maintenance

- The City has developed a City wide fleet strategy team. This initiative includes the development of methodologies for improved vehicle maintenance. City has begun conducting lean training and lean process implementation in all departments. GSD has hired contract mechanics to assist effectiveness of GSD fleet maintenance. An RFP was issued to evaluate the potential privatization of vehicle maintenance.

\$ 1.0	\$ 2.0
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(4) Rationalize fleet purchases through TCO

- The City has developed a City wide fleet strategy team. Overall fleet needs, right sizing and total cost of ownership are being considered as part of the strategy. GSD is pursuing improved maintenance, PM's etc. to reduce total cost of ownership and evaluating lease vs. buy option for new vehicle needs.

TBD	TBD
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McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

- (5) **Leverage volunteers for park maintenance**
- Create an understanding with the union that volunteer labor is vital to operations and not displacing union jobs. Create a database of volunteer support as well as a pamphlet to educate groups on how they can best assist the city.

\$ 2.0 \$ 4.0

Additional identified financial savings/benefits:

- \$2-4MM in operational savings per year and/or increased effectiveness
- Additional savings may be possible if capital investment can be encouraged

- (6) **Outsource forestry**

- Outsource forestry operation to private contractor.

\$ 1.0 \$ 2.0

Additional identified financial savings/benefits:

- \$1-2MM in operational savings; these savings could be used to fund other tree work, e.g. planting trees to forestall construction of another combined sewer overflow (estimated cost \$5-10MM)

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

- (5) **Leverage volunteers for park maintenance**
- The City has implemented an Adopt a Park program that has enlisted local business, churches and community groups to assist GSD in parks maintenance.

\$ 0.5 \$ 1.0

- (6) **Outsource forestry**

- An RFP to evaluate the option of outsourcing Non-park forestry activities is in development.

TBD TBD

Detroit Police Department (DPD)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(1) Reduce patrol officer non-productive time

- Reduce non-productive time of patrol officers
 - Lean processes (reduce paperwork, use of hardcopies etc.)
 - Adjust cell block processing to reduce waiting time

Additional identified financial savings/benefits:

- 100-200 more officers on the street from unlocking officer time in non-productive tasks
- This is a 10% increase in patrol officers at no extra cost (\$6.2-7.4MM)

N/A N/A

(2) Contract cell block to Wayne County Jail

- Assess feasibility of contracting prisoner process to Wayne County Jail in order to unlock patrol officer time and reduce DPD's consent decree responsibilities.

Additional identified financial savings/benefits:

- More patrol officer time on the street
- 75-85 officers currently working in detention center would become available for patrol
- More officer time available to respond to calls for service
 - * Equivalent to 25-30 more officers on street
- Improve DPD response time

N/A N/A

(3) Civilianize administrative positions

- Replace administrative roles won through arbitration or exempt from union work rules (e.g. Office of the Chief) with civilians.
- Sequence additional administrative roles to negotiate with Police union through arbitration.

Additional identified financial savings/benefits:

- 335 admin positions currently held by officers should be civilianized
 - * 59 positions won in arbitration in year 2000
 - * 146 exempt positions (not to applicable to union work rules)
 - * 130 admin positions included in union work rules

N/A N/A

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(1) Reduce patrol officer non-productive time

- City acknowledges that due to poor IT and internal processes significant non-productive time exists in DPD patrol operations. City plans to implement a fully integrated IT system.
- DPD consolidated

N/A N/A

(2) Contract cell block to Wayne County Jail

- City closed all jail facilities and outsourced to State of Michigan Department of Corrections. The Consent Decree related to Conditions of Confinement was closed out Jan 2014. has been closed out as a result of this move. DPD redeployed more than 80 uniform personnel back to streets.

N/A N/A

(3) Civilianize administrative positions

- City acknowledges the need for civilianization of DPD administrative positions. DPD is in the process of civilianizing 250 back office functions throughout the department. Officers will be redeployed to patrol and investigative operations over the next 9 months.

N/A N/A

McKinsey & Company Opportunities [Oct. 1, 2010]	Financial Impact		City's Restructuring & Reinvestment Initiatives	Financial Impact	
	Low	High		Low	High
<p>(3) Civilianize administrative positions (cont'd)</p> <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Each civilian annual salary and fringe benefits ~\$36,000 lower than sworn officer - Every 2 administrative positions replaced by a civilian equates to one additional police officer 	N/A	N/A	<p>(3) Civilianize administrative positions (cont'd)</p> <ul style="list-style-type: none"> ▪ See above. 	N/A	N/A
<p>(4) Reduce low-performing specialized units</p> <ul style="list-style-type: none"> ▪ Transfer police officers into more productive specialized units or patrol operations. ▪ Rationalizing/realigning specialized units <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - 35-50 police officers serving community in more productive areas at no additional cost (\$2.2-3.2MM) 	N/A	N/A	<p>(4) Reduce low-performing specialized units</p> <ul style="list-style-type: none"> ▪ DPD has reduced specialized unit staffing and redeployed uniform personnel 	N/A	N/A
<p>(5) Reduce false alarms</p> <ul style="list-style-type: none"> ▪ Reduce false alarms calls for service to increase police officer ability for patrol and respond to other runs. - Strengthen the current false alarm ordinance to make alarm companies more accountable for false alarms <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Alarm registration fees and false alarm fines will cover additional cost in monitoring false alarms 	N/A	N/A	<p>(5) Reduce false alarms</p> <ul style="list-style-type: none"> ▪ City has strengthened the ordinance. ▪ DPD is in the process of retaining a Billing and Collection firm. 	N/A	N/A
<p>(6) Redeploy patrol officers to balance</p> <ul style="list-style-type: none"> ▪ Redeploy officers from precincts/districts with a low crime/officer ratio to underserved precincts/districts. <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Officers redeployed to properly balance officers available with precinct/district need at no additional cost * Based on crime, calls for service, and population size 	N/A	N/A	<p>(6) Redeploy patrol officers to balance</p> <ul style="list-style-type: none"> ▪ DPD implemented Compstat. DPD continually redeployed personnel to rebalance resources based on crime, calls for service, etc. 	N/A	N/A

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(7) Covert patrol operations to Community policing

- To better serve the residents in each precinct/district DPD will need to realign deployment to provide police services that better match the needs of the neighborhood community it serves

Additional identified financial savings/benefits:

- Police service more tailored to community needs at no additional cost

N/A N/A

(8) Establish PSA problem-solving sessions

- Establish PSA specific metrics to be presented by lieutenants and sergeants to police officers on a weekly basis during roll call
- Use PSA boards to establish accountability across all levels in DPD patrol operations in a way that builds excitement and solves problems at the root cause

Additional identified financial savings/benefits:

- PSA problem-solving sessions will raise more granular information about local communities

N/A N/A

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(7) Covert patrol operations to Community policing

- DPD has made community policing a priority. DPD has established a Neighborhood Police Officer position which is directly focused on community policing. DPD has also established Compstat to focus on crime prevention strategies.

N/A N/A

(8) Establish PSA problem-solving sessions

- DPD implemented Compstat which directly addresses this identified issue.

N/A N/A

Detroit Fire Department (DFD)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(1) Reallocate fire companies

- Use a battalion model to reallocate fire companies to provide the most coverage within each of the eight battalion areas.
- Regional characteristics (e.g. high rise buildings, fire prevalence etc.) are incorporated into model.

Additional identified financial savings/benefits:

- Improve call for service response time across battalions
- Improved company alignment with regional characteristics
- Continuous analysis of fire incident "hot spots" to adjust fire company allocation to match need

N/A N/A

(2) Reduce fire false alarms

- Institute a false alarm reduction program to reduce the number of fire runs.
 - Create ordinance for fire alarms to fine businesses/residents for exceeding a certain amount of false alarms a year

Additional identified financial savings/benefits:

- Responding to false alarms puts fire companies out of service and unable to respond to legitimate emergency situations which can impact the safety of Detroit residents
- Responding to ~9,000 false alarms hinders DFD's abi

N/A N/A

(3) Align EMS response with type of call for service

- Tier the EMS resources to align with type of call for service (emergency, non-emergency) to reduce overall response time and improve patient service.

Additional identified financial savings/benefits:

- Improved call for service response time

N/A N/A

(4) Reduce EMS responses to calls for service

- Limit EMS responses to non-emergency (Priority 3) calls by channeling these non-life threatening calls to other service providers.

N/A N/A

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(1) Reallocate fire companies

- Fire expert has been hired and report results are expected by June 1. Report recommendations will be used to determine coverage, locations, ideal model, etc.
- Department restructuring to Medical First Responder (MFR) will improve response time for department
- Purchase of Rapid Response mini pumpers will improve response time for department
- Purchase of new fleet and repair of current fleet will improve response time for department

N/A N/A

(2) Reduce fire false alarms

- Ordinance approved for DFD to fine businesses/residents for fires, false alarms, vehicle fires and accidents
- Vendor has been chosen. Operations should be underway by July 1, 2014

\$ 0.9 \$ 2.6

(3) Align EMS response with type of call for service

- EMS is currently working to analyze Priority 1, 2 and 3 calls to determine non-emergency "frequent fliers" and to route those non-emergency calls to community and non-profit organizations for response

N/A N/A

(4) Reduce EMS responses to calls for service

- EMS is currently working with community and non-profit organizations to educate the residents on what requires a 911 call.

N/A N/A

McKinsey & Company Opportunities [Oct. 1, 2010]	Financial Impact		City's Restructuring & Reinvestment Initiatives	Financial Impact	
	Low	High		Low	High
(4) Reduce EMS responses to calls for service (cont'd)	N/A	N/A	(4) Reduce EMS responses to calls for service (cont'd)	N/A	N/A
<p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Reduce call for service response time for life-threatening and other emergency calls 					
(5) Improve EMS billable collection rate	N/A	N/A	(5) Improve EMS billable collection rate	N/A	N/A
<ul style="list-style-type: none"> ▪ The collection rate can be improved by streamlining EMS' internal billing process, properly training the EMS staff how to fill out the patient forms correctly, and providing incentives for EMS staff to fill out forms correctly. 					
<p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Improved revenue collection from transport billings provides EMS division with more funding for services 					
(6) Adjust EMS sick day policy	~ \$ 1.5		(6) Adjust EMS sick day policy	N/A	N/A
<ul style="list-style-type: none"> ▪ Adjust sick day policy to be more in line with other City departments (including fire fighting division). 					
<p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - EMS overtime costs of \$3MM a year is 3x higher than budget estimates - Average number of staff sick on a daily basis are ~7 a day versus daily overtime ~10 * Reducing sick days by a two-thirds will reduce overtime by ~50% (\$1.5MM) 					
<ul style="list-style-type: none"> ▪ EMS work rules were recently updated ▪ Sick time accumulation is now capped for each employee ▪ In addition, EMS Administration is now enforcing sick time rules, requirements and maximum use policies 					

Information Technology Services (ITS)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low	High
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(1) Centralize IT procurement process

\$ 2.0	\$ 3.0
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- Centralize IT procurement and ensure that departments involve ITS throughout the entire process, including: developing requirements; identifying the best vendors; soliciting proposals; and executing contracts.

Additional identified financial savings/benefits:

- Optimizing IT procurement could generate cost savings of 10-15% of purchased IT spend - this could mean savings of \$2-3MM for the City
- Drivers of savings include reduced pricing, rationalized service levels, and elimination of unnecessary products/services

(2) Consolidate IT contractors

\$ 1.2	\$ 2.4
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- Consolidate IT contractors with similar skill sets who are under-utilized; use contractors across multiple departments to eliminate redundancies and improve utilization.

Additional identified financial savings/benefits:

- The city currently spends over \$12MM on 150+ IT contractors - consolidation could eliminate 15-30 positions and yield annual savings of \$1.2-2.4MM (approximate average annual cost per contractor is ~\$80k)

(3) Consolidate data centers

\$ 3.0	\$ 5.0
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- Consolidate 7-8 of the data centers into a new facility to be constructed at the recently purchased MGM building or into leased facilities; use Lyndon (DPD) data center as backup facility.

Additional identified financial savings/benefits:

- The city currently spends an estimate ~\$15M to operate/maintain its data centers - consolidation could result in savings of 20-30% or \$3-5MM annually.

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low	High
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(1) Centralize IT procurement process

- Centralization of City-wide procurement, including IT, has occurred with the exception of DBA, PDD, DWSD and DDOT. Savings that have occurred as a result of this centralization are included in the 10 Yr. Base-Line Projections.

(2) Consolidate IT contractors

- At the time of the McKinsey report, the City had approximately 150 resources under IT contractors. As of May 2014, the number of IT contractors is approximately 60. The savings that have occurred from this reduction are included in the 10 Year Base-Line Projections.

(3) Consolidate data centers

- The City has consolidated into 3 data centers. Savings that have occurred as a result of this consolidation are included in the 10 Yr. Base-Line Projections.

McKinsey & Company Opportunities [Oct. 1, 2010]	Financial Impact		City's Restructuring & Reinvestment Initiatives	Financial Impact	
	Low	High		Low	High
(3) Consolidate data centers (cont'd)	\$ 3.0	\$ 5.0			
<p><u>Additional identified financial savings/benefits (cont'd):</u></p> <ul style="list-style-type: none"> - Savings would come from reduced facilities, energy, maintenance, and personnel costs 					
(4) Define roles for ITS and department-specific IT	N/A	N/A	(4) Define roles for ITS and department-specific IT		
<ul style="list-style-type: none"> Clearly delineate roles/responsibilities for ITS and department-specific IT staff; centralize employees performing core IT functions in ITS to improve staffing effectiveness. 			<ul style="list-style-type: none"> The City is in the process of evaluating the City-wide information technology function for purposes of restructuring the entire ITS organization, by position. The result of this process will likely be the centralization and consolidation of core IT functions. 		
<p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Consolidating employees who are performing core IT functions will present opportunities to eliminate redundant positions and reduce personnel costs 					
(5) Reorganize ITS "business analysts"	N/A	N/A	(5) Reorganize ITS "business analysts"		
<ul style="list-style-type: none"> Reorganize ITS's "business analysts" against the City's group-level functions (e.g., Public Safety) so they are better-positioned to identify synergies across departments with similar needs. 			<ul style="list-style-type: none"> The City is in the process of evaluating the City-wide information technology function for purposes of restructuring the entire ITS organization, by position, including the business analyst position. 		
<p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Savings could be achieved through analysts finding ways for departments to leverage existing solutions or cooperate on procurement 					
(6) Consolidate applications	N/A	N/A	(6) Consolidate applications		
<ul style="list-style-type: none"> Identify opportunities to consolidate applications that perform standard tasks across departments to eliminate redundancies, reduce complexity, and lower licensing/maintenance costs. 			<ul style="list-style-type: none"> A formal City-wide IT governance structure has been created that is being reviewed and analyzed by the new CIO. One of the main objectives of the governance structure is to ensure a consolidated, cost-effective approach to City-wide IT hardware and software purchases. 		
<p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> - Consolidating applications to eliminate redundancies could result in savings on software licenses and application maintenance - annual maintenance costs for some department-specific applications currently run as high as ~\$40k 					

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(7) Improve capture of IT performance data

N/A N/A

Develop a system of checks and balances to ensure that ITS employees record required data and to ensure that supervisors see that records are complete.

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(7) Improve capture of IT performance data

IT operating and financial dashboards are in the process of being developed. As part of this process, checks and balances will be included to ensure accurate capture of data.

Purchasing Division

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(1) Strategic sourcing of spend

- Increase use of City-wide contracts across departments
- Increase procurement division authority over City spend
- Improve operating systems in procurement division to track/monitor city spend

Additional identified financial savings/benefits:

- Rationalize \$45MM in procurement savings
 - * Strategic sourcing across departments
 - * Lean procurement spend
 - * Increase oversight of city procurement spend
- ~\$680MM of City's \$950MM purchasing spend is not reviewed

\$ 45.0

(2) Streamline purchasing process

- Streamline procurement process across departments by reducing unnecessary procedures
- Propose ordinance change to increase threshold (currently \$25,000) for which City Council must approve purchases

Additional identified financial savings/benefits:

- Shorter timeframe encourages more bidder competition leading to improved performance
- Reduced lead time permits city agencies to plan in a more effective manner

N/A

N/A

(3) Evaluate price premiums to local bidders

- Adjust purchasing ordinance to reflect best economic benefit for Detroit
 - Rationalize costs for price premiums for local business versus the number of Detroit jobs (and tax revenue) produced by local bidders

Additional identified financial savings/benefits:

- Price premiums increase financial burden of city contracts
 - * \$5-7MM estimated annual premiums paid by the city

\$ 5.0

\$ 7.0

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(1) Strategic sourcing of spend

- The City is working on consolidating all contracts within the Purchasing Division. This consolidation has allowed the City to better identify opportunities to consolidate City-wide contracts. The City estimates that it has saved approximately \$4 - 5 MM of controllable spend to-date, which is included in the 10-Yr. Base-line Projections, and believes another \$2 MM - \$5 MM is achievable as outlined in the 10 Year Reinvestment/Reorganization Projections.

(2) Streamline purchasing process

- The City is in the process of evaluating and likely revising its procurement process. One of the primary objectives of this evaluation is to shorten the procurement process. Part of this review will include an analysis of threshold amounts and what threshold amounts are in comparable cities.

(3) Evaluate price premiums to local bidders

- The City is in the process of evaluating and likely revising its procurement process. As part of this evaluation process, the price premiums for local bidders will be reviewed and analyzed.

Detroit Workforce Development Department (DWDD)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(1) Improve contracting process through a fiduciary

- Execute contracts through a fiduciary to reduce contracting process timeline by 22-32% (13-14 wks)

Additional identified financial savings/benefits:

- Improved bidder competition for contracts can lead to better performing programs
- Improved contractor process permits the city to hold contractors accountable for performance by having ability to pay contractors in a timely manner

(2) Improve contractor performance

- Increase contractor performance by implementing accountability metrics
- Reduce contract rollovers; increase frequency of program proposals from bidders

Additional identified financial savings/benefits:

- Increase return on investment on WIA and JET programs
 - * Current return on investment on \$8mm WIA adult program is only one-fourth the statewide average

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(1) Improve contracting process through a fiduciary

- This Department has been discontinued. Its operations have been transferred to another City agency, outsourced, or eliminated. The City did not include any costs associated with this Department in the POA projections.

(2) Improve contractor performance

- This Department has been discontinued. Its operations have been transferred to another City agency, outsourced, or eliminated. The City did not include any costs associated with this Department in the POA projections.

Grants and Grants Management

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(1) Connect citizens with Federal entitlements

- Dedicate city resources to identifying these citizens and providing direct assistance to increase their awareness and their ability to obtain awards.

Additional identified financial savings/benefits:

- Medicaid access assumptions:
 - * Medicaid expended \$5,000 per enrollee in 2004.
 - * Approx. 1/3 of uninsured eligible citizens are not enrolled
 - * Assuming 1/3 of Detroiters are eligible and 1/3 of that enrolled
 - * Promotion could reach 25-50% of target population
 - * At \$5K per new enrollee, \$105-210MM would be brought into city
- EITCs average \$1,700 in annual benefits per eligible family but 15%-25% of those eligible do not apply
 - * Assuming a similar gap in Detroit and 50% of 263,000 households are eligible, enrollment
 - * Campaigns could bring \$35-\$60M into the economy
- Similar but un-quantified opportunities include food stamps and Pell grants.

(2) Centralize grant management for non-compliant departments

- Non-compliant departments' grant accountants to be centralized under Mayor's office
- Cross training and career path opportunities to incentivize improved performance
- Direct accountability to discourage poor reporting

Additional identified financial savings/benefits:

- May lead to increase in funding if donors feel more confident that money is being well spent and monitored

N/A N/A

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(1) Connect citizens with Federal entitlements

- Not considered in the POA

(2) Centralize grant management for non-compliant departments

- City acknowledges these issues city-wide. City is creating the Office of Grants Management (OGM) which will oversee grant sourcing and expenditure monitoring. City is implementing a temporary IT solution called Ecivis to consolidate all grant reporting and tracking. OGM will report directly to the CFO.

N/A N/A

McKinsey & Company Opportunities [Oct. 1, 2010]	Financial Impact		City's Restructuring & Reinvestment Initiatives	Financial Impact	
	Low	High		Low	High
<p>(3) In-house consultancy - Create culture of compliance</p> <ul style="list-style-type: none"> Utilize staff from departments that have been successful in creating a culture of compliance 6-12 month rotations in less compliant departments to identify key challenges and work directly with Mayor's office and relevant department head to improve <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> Decreased inaccuracies may lead to increased funding and donor comfort Challenge within departments stems from lack of direct accountability and consequences 	N/A	N/A	<p>(3) In-house consultancy - Create culture of compliance</p> <ul style="list-style-type: none"> City acknowledges these issues city-wide. City is creating the Office of Grants Management (OGM) which will oversee grant sourcing and expenditure monitoring. City is implementing a temporary IT solution called Ecivis to consolidate all grant reporting and tracking. OGM will report directly to the CFO. 	N/A	N/A
<p>(4) Create clear city-wide reporting requirements - and clear accountability</p> <ul style="list-style-type: none"> Set 'new tone,' articulate importance of accurate reporting to ability to get grants for key city initiatives Mayor and top team to meet with all departments that receive grants to 'kick-off' clear grant requirements - Mayor's team to follow up regularly with non-compliance <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> Could lead to increased donations if donors responsive and effort is successful 	N/A	N/A	<p>(4) Create clear city-wide reporting requirements - and clear accountability</p> <ul style="list-style-type: none"> City acknowledges these issues city-wide. City is creating the Office of Grants Management (OGM) which will oversee grant sourcing and expenditure monitoring. City is implementing a temporary IT solution called Ecivis to consolidate all grant reporting and tracking. OGM will report directly to the CFO. 	N/A	N/A
<p>(5) Expand, centralize discovery process</p> <ul style="list-style-type: none"> Each department is required to complete a 'wish list' of grant types/goals (e.g. grant to support dental work) Council of all departments with grants meets monthly to review new grant options, determine who applies Expanded staff search to support discovery <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> Potential for considerable dollar infusion from new grants if process successful 	N/A	N/A	<p>(5) Expand, centralize discovery process</p> <ul style="list-style-type: none"> City acknowledges these issues city-wide. City is creating the Office of Grants Management (OGM) which will oversee grant sourcing and expenditure monitoring. City is implementing a temporary IT solution called Ecivis to consolidate all grant reporting and tracking. OGM will report directly to the CFO. 	N/A	N/A

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low	High
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(6) Expedite Oracle grant module adoption

- Expedite Oracle evaluation process that is currently scheduled to wrap up in late autumn
- Mayor's office to assist grant team to find funds for rapid implementation - goal to be operational by FY 12' in critical departments

Additional identified financial savings/benefits:

- *Avoids overspending on grants that the city must then cover:*
 - * *Grants regularly run \$10,000 or more over*
- *Ensures that all available grant monies are spent:*
 - * *Departments often return some grant money to the donor*
- *Estimates of value range from \$1-10MM a year, split between an increase in grant money spent and General Fund dollars saved*
- *\$3-6MM a year likely*

\$ 3.0	\$ 6.0
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City's Restructuring & Reinvestment Initiatives

Financial Impact

Low	High
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(6) Expedite Oracle grant module adoption

- City owns Oracle grant module. Implementation is prohibitively expensive. City is in process of replacing Oracle. City is implementing Ecivis as a bridge IT solution until Oracle can be replaced.
- Significant general fund dollars have been expended in past to govern over spending. The Office of Grants Management will be focused on monitoring expenditure activities to eliminate these issues going forward.
- Poor management and sourcing of grants has likely cost the City many times more than indicated in additional grant funds available to municipalities.

\$ 3.0	\$ 6.0
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Department of Health and Wellness Promotion (DHWP)

McKinsey & Company Opportunities [Oct. 1, 2010]	Financial Impact		City's Restructuring & Reinvestment Initiatives	Financial Impact	
	Low	High		Low	High
<p>(1) Improve tracking and differentiated treatment for revolving door' substance users</p> <ul style="list-style-type: none"> Improved post-tracking would enable different offerings for revolving door patients Improved contractor evaluation would enable reallocation of cases leading to improved long-term outcomes <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> Saves money to the city long-term as the perpetually addicted require a range of city services from local neighborhood policing to pantry services 	N/A	N/A	<p>(1) Improve tracking and differentiated treatment for revolving door' substance users</p> <ul style="list-style-type: none"> Almost all of health management was transferred to Institute for Public Health (IPH) Formation and savings from IPH currently reflected in baseline budget 	N/A	N/A
<p>(2) Define, track ideal outcomes for clinical programs and redistribute patients based on data (for contractor-based programs)</p> <ul style="list-style-type: none"> Define outcome types and goals for each program; track cost per treatment When programs don't reach goals, do deeper evaluation Where programs are contractor based, use data to drive patients to most effective and efficient programs 	N/A	N/A	<p>(2) Define, track ideal outcomes for clinical programs and redistribute patients based on data (for contractor-based programs)</p> <ul style="list-style-type: none"> Almost all of health management was transferred to Institute for Public Health (IPH) Formation and savings from IPH currently reflected in baseline budget 	N/A	N/A
<p>(3) City assumes back office responsibilities and/or retrains accountants</p> <ul style="list-style-type: none"> Move back office responsibilities to CAYMC, where Finance department will be able to provide overnight and training Finance will not provide a CFO for department, but finance executives can offer a broad view of issues <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> Could diminish reporting inaccuracies which can lead to further funding and improved department image long-term Department reports general sentiment at state level that department is financially disorganized 	N/A	N/A	<p>(3) City assumes back office responsibilities and/or retrains accountants</p> <ul style="list-style-type: none"> City-wide Finance restructuring currently underway 	N/A	N/A

McKinsey & Company Opportunities [Oct. 1, 2010]	Financial Impact		City's Restructuring & Reinvestment Initiatives	Financial Impact	
	Low	High		Low	High
<p>(4) Training and fellow support for referral (case management) system</p> <ul style="list-style-type: none"> Find longer-term interns or fellows, perhaps in conjunction with Wayne State or U of M - fellows could be undergraduates as well as graduate students Track number of referrals made to each department, number of patients actually seen and publicize 	N/A	N/A	<p>(4) Training and fellow support for referral (case management) system</p> <ul style="list-style-type: none"> Almost all of health management was transferred to Institute for Public Health (IPH) Formation and savings from IPH currently reflected in baseline budget 	N/A	N/A
<p>(5) Move to Baltimore (501 C3) shadow model for substance abuse</p> <ul style="list-style-type: none"> Create a parallel 501 C3 organization to handle all donations and payments for city health department Board of Directors would be primarily made up of senior health department staff to ensure funding and goal alignment <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> Baltimore received ~\$20MM (40%) funding bump City would likely remain responsible for local match and pension benefits 	N/A	N/A	<p>(5) Move to Baltimore (501 C3) shadow model for substance abuse</p> <ul style="list-style-type: none"> Almost all of health management was transferred to Institute for Public Health (IPH) Formation and savings from IPH currently reflected in baseline budget 	N/A	N/A

Department of Human Services (DHS)

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low	High
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(1) **One-stop shops for Human Services, Senior Citizens, Health and Wellness, and Neighborhood City Halls**

- By co-locating into fewer locations and instituting triage upon admission, citizens could receive a full suite of services (i.e. reduce expenses and improve health) that together can increase quality of life more effectively than any one service

Additional identified financial savings/benefits:

- Centers exist, but transition cost might need to be absorbed by city (\$1-3MM)
- Triage could be funded through private fellows

N/A	N/A
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(2) **Head Start best practices sharing**

- Conduct deep dive into best pedagogical and cost structure practices of strong performers
- Communicate findings to lower performing delegates to help them improve
- Goal to increase student outcomes and/or enrollment

N/A	N/A
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(3) **Expand some Head Start programs, reduce others**

- Redistribute Head Start contracts based on cost effectiveness and performance measurements- assign additional ZIP codes to some delegates to create additional student places and improve student outcomes

N/A	N/A
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(4) **Improve weatherization data tracking and redistribute contractor workload based on data**

- Develop tracking system that measures key components of contractor performance and distribute future jobs based on data
- Considerations include on-time delivery, re-inspections, and citizen complaints.

Additional identified financial savings/benefits:

- Ensures use of all available stimulus and grant dollars available for weatherization (\$1-5MM value a year, esp. in 2012)
- Puts Detroit in position to apply for additional public and social sector dollars to complete add 'l homes

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low	High
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(1) **One-stop shops for Human Services, Senior Citizens, Health and Wellness, and Neighborhood City Halls**

- This Department has been discontinued. Its operations have been transferred to another City agency, outsourced, or eliminated. The City did not include any costs associated with this Department in the POA projections.

(2) **Head Start best practices sharing**

- This Department has been discontinued. Its operations have been transferred to another City agency, outsourced, or eliminated. The City did not include any costs associated with this Department in the POA projections.

(3) **Expand some Head Start programs, reduce others**

- This Department has been discontinued. Its operations have been transferred to another City agency, outsourced, or eliminated. The City did not include any costs associated with this Department in the POA projections.

(4) **Improve weatherization data tracking and redistribute contractor workload based on data**

- This Department has been discontinued. Its operations have been transferred to another City agency, outsourced, or eliminated. The City did not include any costs associated with this Department in the POA projections.

McKinsey & Company Opportunities [Oct. 1, 2010]	Financial Impact		City's Restructuring & Reinvestment Initiatives	Financial Impact	
	Low	High		Low	High
<p>(5) Spin off Head Start, Weatherization</p> <ul style="list-style-type: none"> Establish Head Start and Weatherization as a separate non-profit with CAA designation and funding CSBG grant (for enrolling Head Start and Weatherization participants) would remain smaller Human Services department <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> ~\$1M long-run in pension and fringe benefit costs (accrued benefits must be paid) 	~\$	1.0	<p>(5) Spin off Head Start, Weatherization</p> <ul style="list-style-type: none"> This Department has been discontinued. Its operations have been transferred to another City agency, outsourced, or eliminated. The City did not include any costs associated with this Department in the POA projections. 		
<p>(6) Reduce number of steps in 'double approval' process (esp. contract process)</p> <ul style="list-style-type: none"> Complete current process mapping to identify steps that do not add value Work with departments and City Council to eliminate steps and create revised form for submission to City Council that requires fewer steps 	N/A	N/A	<p>(6) Reduce number of steps in 'double approval' process (esp. contract process)</p> <ul style="list-style-type: none"> This Department has been discontinued. Its operations have been transferred to another City agency, outsourced, or eliminated. The City did not include any costs associated with this Department in the POA projections. 		
<p>(7) Co-locate at Herman Keifer</p> <ul style="list-style-type: none"> Human Services moves into Pavilion #4 at Herman Keifer; City leases property for medium or long lease term to a private party that charges rent to Human Services and private party pays for \$2-4M building renovation <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> City receives lease payment of \$3-4MM 	\$	3.0	<p>(7) Co-locate at Herman Keifer</p> <ul style="list-style-type: none"> This Department has been discontinued. Its operations have been transferred to another City agency, outsourced, or eliminated. The City did not include any costs associated with this Department in the POA projections. The City closed Herman Keifer in October 2013 and transferred all City operations located in Herman Keifer to other City locations. 	\$	4.0

Planning and Development Department (PDD)

McKinsey & Company Opportunities [Oct. 1, 2010]	Financial Impact		City's Restructuring & Reinvestment Initiatives	Financial Impact	
	Low	High		Low	High
<p>(1) Org expert or process to help set core mission, reduce silo effect</p> <ul style="list-style-type: none"> Department could benefit from outsider-led 'deep dive' to examine what department aspires to do and what it actually does - and then determine how divisions can best work together to achieve common goal All employees must be involved in evaluation 	N/A	N/A	<p>(1) Silo issue</p> <ul style="list-style-type: none"> City agrees PDD has significant silo issues which inhibit effectiveness and execution of mission Department has instituted weekly meetings with senior staff to reduce silo issues, implementation of central grants management office all key component, culture change will take time. Employees consulted throughout evaluation process and continue to be consulted 	N/A	N/A
<p>(2) Lean diagnostic to reduce positions not aligned with core mission</p> <ul style="list-style-type: none"> Michigan Lean Consortium or other group runs lean diagnostic on these divisions or department to ensure that every position is aligned with core department mission; freed-up staff can be redirected to address needs such as evaluating effectiveness (vs output) <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> Frees up at least \$1-2MM to reinvest in grants to help the city 	\$ 1.0	\$ 2.0	<p>(2) Reallocation of grant dollars</p> <ul style="list-style-type: none"> City acknowledges significant improvement is possible across all divisions. City is establishing central grants management office. City is restructuring PDD org to realign service offerings. City plans to transfer some department functions to partner entities (private or other government entities) to redesign service delivery model. 	\$ 1.0	\$ 2.0
<p>(3) City helps develop strategic plan for development/real estate deals that reflects Mayor's priorities</p> <ul style="list-style-type: none"> Division leaders could work with all planning divisions and Mayor's Office to develop a clear development plan and a fixed list of criteria that each potential deal must meet before it can be signed; criteria should support land use plan and City government goals 	N/A	N/A	<p>(3) Contemplated in POA</p> <ul style="list-style-type: none"> City acknowledges significant improvement is possible across all divisions. City is establishing central grants management office, and plans to privatize/enter sub-recipient agreements for various functions to improve service delivery. 	N/A	N/A
<p>(4) City provides support to department to prosecute Section 108 recipients who do not repay funds</p> <ul style="list-style-type: none"> City provides legal, technical, and PR support to department to prosecute non-payers Selection of non-payers to be prosecuted will be based on outside-in analysis of financials to ensure that only solvent projects are targeted <p><u>Additional identified financial savings/benefits:</u></p> <ul style="list-style-type: none"> Could free up to \$9MM a year from CDBG grant that can be used for other purposes depending on whether rate of non-payment remains high More likely recapture rate is ~30% or \$2-4MM 	\$ 2.0	\$ 9.0	<p>(4) Contemplated in POA</p> <ul style="list-style-type: none"> City is negotiating with non-payers to develop work out plans Any recapture can be directly redeployed to other CDBG grant activity 	\$ 2.0	\$ 7.0

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

N/A N/A

- (5) **Limit City Council's ability to recommend programs by requiring minimum performance standard for renewal**
- City Council, department, and Mayor's office adopt a basic set of criteria that verifies that programs and sub-recipients exist and meet minimum criteria (e.g. people served, acceptable financials)
 - Department creates list of qualified programs for Council

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

N/A N/A

- (5) **Contemplated in POA**
- Currently refining criteria, need to enforce process
 - POA contemplates consolidation of all Planning activities into PDD.

Revenue from Tax Opportunities

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(1) Develop resident and commuter income tax discovery and collections capabilities

- Revamped collections process to include:
 - Improve IT system to identify some potential payors and ensure correct billing/payment processing
 - Retrain staff to actively follow up with non-compliers
 - Legal team responds to known cases, spot checks

Additional identified financial savings/benefits (cont'd):

- \$32-35MM annually if well executed but avoiding prosecuting hardship cases
- Up to \$45MM including hardship prosecutions (extremely politically challenging)

(2) Improve corporate tax audit and collection

- City could develop audit function, either by contracting work privately or developing internal capabilities
- City would need to audit a high percentage of returns initially to ensure high compliance in future years

Additional identified financial savings/benefits (cont'd):

- \$6MM annually likely attainable
- \$12MM or more possible revenue may exist but cost of recovery does not justify pursuing (i.e. some small businesses)

(3) Prosecute PTA non-filers, raise non-filer penalty

- Conduct spot check enforcement of homesteaded homes sold
- Require payment of tax including back years since sale
- Non-compliers can be foreclosed on through normal Wayne County process

Additional identified financial savings/benefits (cont'd):

- \$2-4MM annually going forward
- Ability to collect back taxes disputed; burden of proof on city

\$ 2.0 \$ 4.0

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(1) Develop resident and commuter income tax discovery and collections capabilities

- The Income Tax Division is in the process of implementing a new income tax software system that will improve the City's billing and payment processing. The new income tax software system will automate many current manual processes and allow employees to be shifted towards the audit/compliance function. The City is also in the process of hiring a 3rd party collection agency to collect past due income taxes on a commission basis. As a result of above and other restructuring initiatives, the 10 Year Projections include approximately \$3 MM annually in additional annual income tax revenue as well as a \$10 MM one-time collection from past dues.

(2) Improve corporate tax audit and collection

- The Income Tax Division is in the process of implementing a new income tax software system that will improve the City's billing and payment processing. The new income tax software system will automate many current manual processes and allow employees to be shifted towards the audit/compliance function. As a result of above and other restructuring initiatives, the 10 Year Projections include approximately \$3 MM annually in additional annual income tax revenue.

(3) Prosecute PTA non-filers, raise non-filer penalty

- The City of Detroit, among other cities within Michigan, is in favor of increasing the non-filer penalty, however it's governed by the General Property Tax Act which is a State Law. At this time legislation has not been introduced to increase PTA penalties. Additional property tax collections were not included in the 10 Year Reinvestment/Reorganization projections as the strategies had not been approved.

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low	High
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(4) Improve collection of commercial personal property taxes

\$ 5.0	\$ 10.0
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- After current case backlog is cleared, clearly communicate with non-compliant businesses that spot checks and prosecution of cases will begin this year
- Organize legal staff and inspectors to do targeted inspections of high-value locations and select others

Additional identified financial savings/benefits (cont'd):

- \$5-10MM if fully implemented including prosecution of non-compliers

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low	High
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(4) Improve collection of commercial personal property taxes

- The City has hired an employee dedicated solely to collection of commercial personal property taxes. The resulting increase in the collection of commercial personal property taxes is included in 10 Year Base-Line Projections. The Michigan personal property tax law is being phased out.

State Cultivation Efforts

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(1) Lobby and build coalitions to protect current share of State Revenue Sharing Pool

- Work closely with Lansing, both directly and through lobbying team, to ensure that strategic importance of state revenue sharing to Detroit is well understood and protected.

Additional identified financial savings/benefits:

- \$20-60mm above current trajectory assuming that half-and-half formula represents current most likely eventual outcome
- If full per-capita formula is adopted and the size of the pot continues to decline, up to an additional \$80mm could be at risk

(2) Revise law to avoid 0.1% income tax rate lowering in future years

- Revise law to eliminate tax rate decline and freeze rate
- Alternatively, revise law to reduce complexity of waiver and increase likelihood that waiver will be accepted (i.e. no decline if Detroit's prior year income tax receipts were less than \$250mm)

Additional identified financial savings/benefits:

- \$7-9mm per drop in rate
- Up to 5 more drops are possible in future years
- Once a drop occurs, it remains permanently in place for future years unless law is revised

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(1) Lobby and build coalitions to protect current share of State Revenue Sharing Pool

- The City has not included items in the POA projections that require legislation that it cannot control. The City continues to lobby State officials for assistance with financial and operational matters important to the City.

(2) Revise law to avoid 0.1% income tax rate lowering in future years

- The City has not included items in the POA projections that require legislation that it cannot control. The City continues to lobby State officials for assistance with financial and operational matters important to the City.

Pension

McKinsey & Company Opportunities [Oct. 1, 2010]

Financial Impact

Low High

(1) **Obtain legal opinion on board members' fiduciary responsibilities and personal liability to trigger mindset shift**

- Work with law firm to generate opinion that appraises board members of their fiduciary responsibility and consequences of failing to execute responsibilities
- Use opinion to catalyze mindset shift and initiate larger dialogue on governance and other transformations

Additional identified financial savings/benefits:

- Likely to limit immediate abuse of positions, valued at ~\$1-2mm a year (out of fund, not contributions)
- Larger value is in opening door to other changes that are more financially significant

*

These other changes might include governance shifts but could include formulaic re-writes as well

(2) **Reduce multiplier formula from 2.5 for current and future employees - future years**

- Bring multiplier into line with other municipalities (from 2.5 to 1.8 or 1.9)

Additional identified financial savings/benefits:

- At current normal cost of \$40-50mm a year, the city would save \$10-13mm a year
 - * For every 0.1 that the multiplier is reduced, the city would save 4% of normal cost (base pension obligation), which is typically around 25-30% of salaries
 - * By reducing the multiplier by 0.6, the city would save 24% of normal cost

City's Restructuring & Reinvestment Initiatives

Financial Impact

Low High

(1) **Obtain legal opinion on board members' fiduciary responsibilities and personal liability to trigger mindset shift**

- Pension related changes are included in the POA projections. See the Plan of Adjustment and Disclosure Statement for additional information.

(2) **Reduce multiplier formula from 2.5 for current and future employees - future years**

- Pension related changes are included in the POA projections. See the Plan of Adjustment and Disclosure Statement for additional information.

Exhibit 6C

**City of Detroit's Objections and Second Supplemental Responses to Syncora
Capital Assurance Inc. and Syncora Guarantee Inc.'s First Set of
Interrogatories to the City Detroit**

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

In re	)	Chapter 9
CITY OF DETROIT, MICHIGAN,	)	Case No. 13-53846
Debtor.	)	Hon. Steven W. Rhodes
)	
)	

**CITY OF DETROIT’S OBJECTIONS AND SECOND SUPPLEMENTAL
RESPONSES TO SYNCORA CAPITAL ASSURANCE
INC. AND SYNCORA GUARANTEE INC.’S FIRST
SET OF INTERROGATORIES TO THE CITY OF DETROIT**

Pursuant to Federal Rules of Civil Procedure 26 and 33, as made applicable to this proceeding by Federal Rules of Bankruptcy Procedure 7026, 7033, and 9014, the City of Detroit, Michigan (the “City”) hereby submits the following objections and second supplemental responses to certain of the First Set of Interrogatories (“Interrogatories”) propounded by Syncora Capital Assurance Inc. and Syncora Guarantee Inc. (collectively, the “Objectors” or “Syncora”).

The City hereby incorporates the introductory statement and General Objections from its May 6, 2014 response to Syncora’s interrogatories. Subject to and without waiving that statement or its General Objections, the City has met and conferred with counsel to Syncora and supplements its initial and first supplemental responses as follows.

SECOND SUPPLEMENTAL RESPONSES TO INTERROGATORIES

1. Identify all Works of Art in the Collection that have been valued at \$1 million or more.

RESPONSE TO INTERROGATORY NO. 1:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects that the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for the DIA and its operations. Subject to and without waiving these objections, the City states that Works of Art are not valued for this purpose and it would be unduly burdensome and misleading to attempt to identify all Works of Art in the Collection that have been valued at \$1 million or more. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of deaccessioned works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 1:

Documents relating to the City's knowledge as to the subject matter of this request can be found at POA00257802-POA00258006, POA00258033-POA00258245, POA00261726-POA00262345 and POA00262348-POA00262496, which speak for themselves. It is the City's understanding and belief that the information needed to answer this request fully and accurately is in the possession of the DIA, if anyone, and directs Objectors to the documents they have subpoenaed from the DIA.

2. Identify the 300 most valuable Works of Art in the Collection.

RESPONSE TO INTERROGATORY NO. 2:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects that the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for the DIA and its operations. Subject to and without waiving these objections, the City states that Works of Art are not valued for this purpose and it would be unduly burdensome and misleading to attempt to identify the 300 most valuable Works of Art. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for

inspection and copying, including the list of deaccessioned works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 2:

Documents relating to the City's knowledge as to the subject matter of this request can be found at POA00257802-POA00258006, POA00258033-POA00258245, POA00261726-POA00262345 and POA00262348-POA00262496, which speak for themselves. It is the City's understanding and belief that the information needed to answer this request fully and accurately is in the possession of the DIA, if anyone, and directs Objectors to the documents they have subpoenaed from the DIA.

3. Identify all restrictions on alienability on the Works of Art identified in response to Interrogatory No. 2.

RESPONSE TO INTERROGATORY NO. 3:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects to the extent that this interrogatory seeks legal analyses and conclusions or seeks information or documents that are privileged or otherwise protected from disclosure. The City further objects to the breadth of this request insofar as it purports to demand that the City identify "all" restrictions on alienability. Subject to and without waiving

these objections, the City answers and responds as follows. For more than a century, the people of the City of Detroit and the State of Michigan, various institutions and foundations, the DIA Corp., and the City, among others, have contributed their property, funds, family treasures, time, support and goodwill to, or for the benefit of, the Museum. Objects became part of the Museum Art Collection through thousands of transactions entered into under vastly differing circumstances over the course of more than 100 years. As a result and given disparate views of certain stakeholders, the City has not established with certainty whether it has the legal authority to use any of those objects to satisfy its debts and obligations. This is particularly true as to those works of art that are not credited as having been acquired using City funds. Even if the City could fully validate the extent of its property interest in the works of art in the Museum Art Collection, the City's ability to sell, transfer or convey objects in the Museum Art Collection may be limited as a matter of law and fact. Although the City cannot predict all of the likely challenges that would be raised if it sought to monetize the DIA assets in whole or in part, it is highly likely that the Attorney General, the DIA Corp. and others will move vigorously in an effort to prevent such monetization. Opposing parties may contend, by way of example, that: (a) the DIA assets in whole or in part are held in charitable trust consistent with Attorney General Opinion 7272; (b) the DIA assets are immune from sale pursuant to the public trust doctrine; (c)

various legal doctrines (such as election, dedication, unjust enrichment, estoppel and the law of fixtures), statutes and various trust-related doctrines prohibit or bar the City from benefiting from the use of such DIA assets; (d) express and implied donative restrictions limit the City's rights with respect to such DIA assets; and (e) contract and policy provisions prohibit the City from monetizing any of the DIA assets. Some of these restrictions are addressed in the DIA Corp.'s position paper and Attorney General Opinion 7272. The City potentially could decide to challenge each of these arguments, but there is no assurance that the City would prevail if it did so. If a court concludes that these restrictions or other barriers are valid and binding, the City would not be able to use the DIA assets to satisfy obligations to creditors. In addition to these legal and factual restrictions on the ability of the City to transfer, sell or convey some or part of the Museum Art Collection, the City also recognized that there are various other potential ethical, public policy and practical restrictions on the City's ability to use DIA assets to satisfy City debts and obligations. Although the City is required to address the interests of creditors, it is not required to sell assets to satisfy obligations to creditors. Indeed, it is appropriate for the City to consider the effect of the sale of DIA assets on the City and its viability post-bankruptcy. As relevant here, the DIA in its current form is the result of more than 100 years of public-private charitable collaboration for the benefit of the people of the City of Detroit and the State of

Michigan. Even if the City could lawfully do so, the City may appropriately consider whether it should repurpose charitable contributions to address the City's financial crisis in a manner that may not have been intended by many donors to the DIA. In addition, the DIA serves an important public function. The City may appropriately consider the effect that a sale of DIA assets would have on the DIA the future of the City and the community resources available to the Public.

SUPPLEMENTAL RESPONSE TO INTERROGATORY. NO. 3:

Documents relating to the City's knowledge as to the subject matter of this request can be found at POA00257802-POA00258006, POA00258033-POA00258245, POA00261726-POA00262345 and POA00262348-POA00262496, which speak for themselves. It is the City's understanding and belief that the information needed to answer this request fully and accurately is in the possession of the DIA, if anyone, and directs Objectors to the documents they have subpoenaed from the DIA.

4. Identify all Works of Art in the Collection that were not purchased with City funds.

RESPONSE TO INTERROGATORY NO. 4:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects as the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement,

which gives the DIA Corp. control over and responsibility for DIA and its operations. Subject to and without waiving these objections, the City states that, for more than a century, the people of the City of Detroit and the State of Michigan, various institutions and foundations, the State of Michigan, the DIA Corp. and the City, among others, have contributed their property, funds, family treasures, time, support and goodwill to or for the benefit of the DIA. Funds from various sources have been used in various ways to develop and maintain the Museum Art Collection. Although works of art in the Museum Art Collection are given a “credit line” to acknowledge a donor or contributor of funds or artwork, it would be unduly burdensome and misleading to distinguish in general terms between and among those objects that were donated, those that were acquired solely with specific and traceable funds, those that were acquired using funds from various sources and those that were acquired in commingled transactions. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of Major Works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 4:

Documents relating to the City's knowledge as to the subject matter of this request can be found at POA00257802-POA00258006, POA00258033-POA00258245, POA00261726-POA00262345 and POA00262348-POA00262496, which speak for themselves. It is the City's understanding and belief that the information needed to answer this request fully and accurately is in the possession of the DIA, if anyone, and directs Objectors to the documents they have subpoenaed from the DIA.

5. Identify all Works of Art that have been sold by the City or DIA Corp.

RESPONSE TO INTERROGATORY NO. 5:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects that the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for the DIA and its operations. Subject to and without waiving these objections, the City states that the answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of deaccessioned works. The City will

provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 5:

Documents relating to the City's knowledge as to the subject matter of this request can be found at POA00257802-POA00258006, POA00258033-POA00258245, POA00261726-POA00262345 and POA00262348-POA00262496, which speak for themselves. It is the City's understanding and belief that the information needed to answer this request fully and accurately is in the possession of the DIA, if anyone, and directs Objectors to the documents they have subpoenaed from the DIA.

6. Identify all restrictions on alienability on the Works of Art identified in response to Interrogatory No. 5.

RESPONSE TO INTERROGATORY NO. 6:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects to the extent that this interrogatory seeks legal analyses and conclusions or seeks information or documents that are privileged or otherwise protected from disclosure. The City further objects to the breadth of this request insofar as it purports to demand that the City identify "all" restrictions on alienability. Subject to and without waiving these objections, the City answers and responds as follows. For more than a

century, the people of the City of Detroit and the State of Michigan, various institutions and foundations, the State of Michigan, the DIA Corp., and the City, among others, have contributed their property, funds, family treasures, time, support and goodwill to, or for the benefit of, the Museum. Objects became part of the Museum Art Collection through thousands of transactions entered into under vastly differing circumstances over the course of more than 100 years. As a result and given disparate views of certain stakeholders, the City has not established with certainty whether it has the legal authority to use any of those objects to satisfy its debts and obligations. This is particularly true as to those works of art that are not credited as having been acquired using City funds. Even if the City could fully validate the extent of its property interest in the works of art in the Museum Art Collection, the City's ability to sell, transfer or convey objects in the Museum Art Collection may be limited as a matter of law and fact. Although the City cannot predict all of the likely challenges that would be raised if it sought to monetize the DIA assets in whole or in part, it is highly likely that the Attorney General, the DIA Corp. and others will move vigorously in an effort to prevent such monetization. Opposing parties may contend, by way of example, that: (a) the DIA assets in whole or in part are held in charitable trust consistent with Attorney General Opinion 7272; (b) the DIA assets are immune from sale pursuant to the public trust doctrine; (c) various legal doctrines (such as election, dedication,

unjust enrichment, estoppel and the law of fixtures), statutes and various trust-related doctrines prohibit or bar the City from benefiting from the use of such DIA assets; (d) express and implied donative restrictions limit the City's rights with respect to such DIA assets; and (e) contract and policy provisions prohibit the City from monetizing any of the DIA assets. Some of these restrictions are addressed in the DIA Corp.'s position paper and Attorney General Opinion 7272. The City potentially could decide to challenge each of these arguments, but there is no assurance that the City would prevail if it did so. If a court concludes that these restrictions or other barriers are valid and binding, the City would not be able to use the DIA assets to satisfy obligations to creditors. In addition to these legal and factual restrictions on the ability of the City to transfer, sell or convey some or part of the Museum Art Collection, the City also recognized that there are various other potential ethical, public policy and practical restrictions on the City's ability to use DIA assets to satisfy City debts and obligations. Although the City is required to address the interests of creditors, it is not required to sell assets to satisfy obligations to creditors. Indeed, it is appropriate for the City to consider the effect of the sale of DIA assets on the City and its viability post-bankruptcy. As relevant here, the DIA in its current form is the result of more than 100 years of public-private charitable collaboration for the benefit of the people of the City of Detroit and the State of Michigan. Even if the City could lawfully do so, the City may

appropriately consider whether it should repurpose charitable contributions to address the City's financial crisis in a manner that may not have been intended by many donors to the DIA. In addition, the DIA serves an important public function. The City may appropriately consider the effect that a sale of DIA assets would have on the DIA the future of the City and the community resources available to the Public.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 6:

Documents relating to the City's knowledge as to the subject matter of this request can be found at POA00257802-POA00258006, POA00258033-POA00258245, POA00261726-POA00262345 and POA00262348-POA00262496, which speak for themselves. It is the City's understanding and belief that the information needed to answer this request fully and accurately is in the possession of the DIA, if anyone, and directs Objectors to the documents they have subpoenaed from the DIA.

7. Identify the number of visitors, on an annual basis, at DIA Corp. from 1883 to the present.

RESPONSE TO INTERROGATORY NO. 7:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. In particular, being asked to identify information as far back as 1883 is unduly burdensome. The City further objects as

the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for DIA and its operations. Subject to and without waiving these objections, the City states that the answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the documents that reflect museum attendance and museum survey information for the 2010-2014 period. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp. on its production.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 7:

The City will produce any responsive records that it can locate with information that is responsive to this request, but it is the City's understanding and belief that the information needed to answer this request fully and accurately is in the possession of the DIA, if anyone, and directs Objectors to the documents they have subpoenaed from the DIA

9. Identify all communications between the City and third-parties relating to the monetization of the Collection.

RESPONSE TO INTERROGATORY NO. 9:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects to the extent

that this interrogatory seeks information or documents that are privileged or otherwise protected from disclosure (e.g., discussions in mediation proceedings). In particular, the City states that the value and treatment of DIA assets was an often-discussed and highly reported topic throughout the Emergency Manager's term, and thus it would be unduly burdensome, and would not be feasible, to accurately recount each time and with whom the issue was discussed. Subject to and without waiving these objections, the City answers and responds that the following entities discussed the value of DIA assets—DIA representatives; numerous creditor groups; mediators and participants in mediation; and representatives from Christie's.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 9:

Various ideas relating to the monetization of the City's art were considered by the City before agreeing to the DIA Settlement, but none of those ideas progressed to the point where the Emergency Manager, any member of the Emergency Manager's office, or any City employee had a meeting or conversation with a third party about monetizing the art other than the discussions that ultimately achieved the DIA Settlement with the parties thereto.

11. Identify all of the Works of Art in the Collection that are currently on display to the public.

RESPONSE TO INTERROGATORY NO. 11:

In addition to its General Objections, the City objects as this interrogatory is vague, ambiguous, overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence. The City further objects as the DIA is being operated by the DIA Corp. pursuant to a 1997 Operating Agreement, which gives the DIA Corp. control over and responsibility for DIA and its operations. Subject to and without waiving these objections, the City states that Works of Art are displayed, loaned, studied and stored at various times and for various reasons. Thus, it would be unduly burdensome and misleading to attempt to identify all Works of Art in the Collection that are currently on display to the public. The answer to this interrogatory may be determined in part by examining the documents the DIA Corp. has agreed to produce and/or make available for inspection and copying, including the list of Major Works. The City will provide copies of these documents or seek access to them subject to the same terms and conditions imposed by the DIA Corp.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 11:

The City does not receive from the DIA a list of Works of Art currently on display to the public at the museum and, on that basis, lacks sufficient knowledge or information to answer this interrogatory.

Dated: June 9, 2014

Respectfully submitted,

/s/ Bruce Bennett

Bruce Bennett (CA 105430)

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ATTORNEYS FOR THE CITY OF DETROIT

Exhibit 6D

5/14/2014 E-mail from S. Hackney to G. Irwin

From: Hackney, Stephen C.
Sent: Wednesday, May 14, 2014 8:14 AM
To: Geoffrey S Irwin
Subject: Re: Discovery proposal

Except on the art rogs, what I said was that the City needed to choose: either answer the rog or say it doesn't know the answer, which applies to most of them.

As to your document production, what I said is that I am not going to address that until we get this little deal done but that if we are able to do our deal, I would sit with you and identify the categories of documents where the date limitation is most problematic. So I don't think I will be in a position to say anything on that subject to Rhodes on Thursday.

Let me know what you guys want to do and if you are agreeable, when I can get your revised rogs so I know whether are arguing tomorrow.

Best,

Steve

Stephen C. Hackney
Kirkland & Ellis LLP
300 N. LaSalle St.
Chicago, Illinois
T: 312/862-2157
F: 312/862-2200

On May 14, 2014, at 12:14 AM, "Geoffrey S Irwin" <gsirwin@JonesDay.com> wrote:

That's right. We would respond to the non-art rogs on the more narrowed terms you proposed and stand down on the ones related to art. I think the real benefit to us would be on the search though, so what might make sense would be to put it to Rhodes like that at the beginning. Say something like the City and Syncora think they've found a way to limit some issues from Monday but for the City it depends on a resolution to the 2012 search and need guidance from the court based on where we left things. If we were in agreement as to approach and Rhodes relieves us of the ESI search first, rest of deal would follow from there.

Haven't heard from my guys yet, but that's how I would envision it. Thoughts?

=====

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Exhibit 6E

6/4/2014 E-mail from G. Irwin to W. Arnault

6/4/2014 E-mail from W. Arnault to G. Irwin

From: Geoffrey S Irwin <gsirwin@JonesDay.com>
Sent: Wednesday, June 04, 2014 2:29 PM
To: Arnault, Bill
Cc: Hackney, Stephen C.
Subject: Re: Remaining Syncora Interrogatories

Thanks, Bill. In many instances we would have partial information (we did have the Christies report) but we'll acknowledge that the answers to these questions reside with DIA, not the City.

=====

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From: Arnault, Bill
Sent: Wednesday, June 4, 2014 2:52 PM
To: Geoffrey S Irwin
Cc: Hackney, Stephen C.
Subject: RE: Remaining Syncora Interrogatories

Geoff,

That's correct. Per our discussion, except for the three art interrogatories you've identified below, you've agreed that the City will supplement its answers by stating that the City does not know the answer to the questions posed in the applicable interrogatories.

Thanks,
Bill

William E. Arnault
Kirkland & Ellis LLP
300 North LaSalle Street, Chicago, IL 60654
+1-312-862-3062 (Dir.) +1-312-862-2200 (Fax)
www.kirkland.com

From: Geoffrey S Irwin [<mailto:gsirwin@JonesDay.com>]
Sent: Wednesday, June 04, 2014 12:19 PM
To: Arnault, Bill
Cc: Hackney, Stephen C.
Subject: Fw: Remaining Syncora Interrogatories

Apologies, I should have also mentioned that I don't think we could respond more specifically to No. 10 than we already have (with reference to the supporting fixed asset schedule) so I wasn't planning to supplement that one either. Please let em know if you disagree. Geoff

Geoffrey S. Irwin
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Washington, DC 20001-2113
Office +1.202.879.3768
gsirwin@jonesday.com

----- Forwarded by Geoffrey S Irwin/JonesDay on 06/04/2014 01:16 PM -----
From: Geoffrey S Irwin/JonesDay
To: "Arnault, Bill" <warnault@kirkland.com>,
Cc: stephen.hackney@kirkland.com
Date: 06/04/2014 11:51 AM
Subject: Remaining Syncora Interrogatories

Bill:

Sorry I missed your call and thanks for your message. I will provide you with supplemental responses to the "art interrogatories", specifically Nos. 1-11, with the following qualifications:

1. You have agreed that the City's answer to No. 8 is acceptable and needs no further supplementation; and
2. You have clarified that No. 9 is limited to communications with third parties outside the mediation process.

I'll turn to this shortly and will give you an ETA when I have one.

Thanks. Geoff

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Exhibit 6F

6/10/2014 E-mail from S. Hackney to G. Irwin

6/11/2014 E-mail from G. Irwin to S. Hackney

From: Geoffrey S Irwin [<mailto:gsirwin@JonesDay.com>]
Sent: Wednesday, June 11, 2014 2:19 PM
To: Hackney, Stephen C.
Subject: RE: Remaining Syncora Interrogatories

Steve:

If you believe you need motion practice on this, I suppose there's not much left to discuss, which is unfortunate. I feel like this is coming down to what is sufficient to say we don't know the answer to the question, and that you don't want us to even refer to the documents evidencing what we do know. I still cannot understand why you feel like the responses don't put you in a position to establish the limits of the City's knowledge on these topics and make whatever use of that you will. I really think you guys are splitting hairs here and that this is vastly overblown, but you'll obviously manage your own case as you see fit.

For purposes of your motion, I'll stipulate that our exchange below accurately restates our agreement, i.e. that we had agreed to amend the art-related responses and either answer the question or indicate that we cannot. You advised me that the latter would be deemed acceptable to Syncora in light of my repeated statements that we lacked the totality of information needed to respond and that, in order to do so, we would have to request the same information that you have requested from DIA. It is not true, however, that we ever agreed that the City would state unequivocally that we do not know the answer to any of these questions where we do, in fact, have partial information. It seems obvious to me that we cannot be untruthful in our responses, regardless of how you are construing our agreement, and that was the very point that I was making to you and Bill in my email to you on June 4 -- to which I never received any response. Nor is it accurate to say that we ever agreed that the Christies report was the "limited exception" to the partial information that we would reference our responses. It is certainly an example I have used, but I don't know why you say that in your note. Everyone knows that we had the AG opinion, which is relevant to saleability and not value, and it's hard for me to understand that you are now saying that the City can only answer rogs relating to restrictions on transfer with a blanket "we know nothing" and with no mention of that opinion.

You asked on a prior occasion for us to produce and identify for you documents on valuation, transferability, etc, and I provided just that to you. While we have identified those materials for you in our responses -- which are very limited in scope and fully consistent with Rule 33(d) -- and indicated that these documents contain information that is responsive to your request, the rest of the response is exactly what we agreed, namely that we do not have the information that is required to answer the requests in their entirety. We accomplish that by saying, not as an invocation of Rule 33(d) but as an observation, that you seem to have requested the same information from DIA, which is where we would expect the answers to be. We are not saying the answers are there (hence the "if anywhere" reference). We are saying that we don't know, but we also don't understand why you are asking us when you seem to have separately asked the correct party. (Just taking No. 1 as an example, you requested -- and the DIA has agreed to provide in its letter agreement with you -- a list of "Major Works", i.e. those valued at \$1 million or more, so it seems perfectly reasonable to refer you to your own agreement with the party actually in possession of the information when the requests are identical.) Again, I fail to see what is so controversial about that and why it isn't the answer you were expecting.

It's too bad this has to be so acrimonious as it continue to be my belief that we have been upfront about all of this. Regardless I think this is the kind of dispute that the Court would have assumed we could work out ourselves.

Let me know if it makes sense to talk, but I wanted to close the loop on this.

Geoff

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From: "Hackney, Stephen C." <shackney@kirkland.com>
To: Geoffrey S Irwin <gsirwin@JonesDay.com>,
Date: 06/10/2014 10:50 AM
Subject: RE: Remaining Syncora Interrogatories

Our agreement on multiple occasions was that the City would either answer the interrogatories, or say that it did not know the answer to the interrogatories, with the limited exception of the Christie's valuation data.

Your answers to the interrogatories suggest the opposite: they are 33(d) responses that say "The answer to your question is knowable if you only review these documents." You don't say, for example, that the City hasn't reviewed those documents and thus doesn't know. That was not our agreement. I am totally willing to avoid motion practice if the City will provide answers that say, for example, "Other than as reflected in the Christie's valuation, found at document x, the City does not know what pieces in the collection are worth more than \$1 million. Additional information responsive to this interrogatory may reside with the DIA, but the City is unaware of specific documents at the DIA responsive to this request." Similar answers can be crafted for each rog. If you'd like, we can propose language to you that would be acceptable that we believe to be true.

But the long answer is that your rog answers are trying to walk the line between (a) not answering the question; and (b) not conceding that you don't know the answer to the question. You are referring us to DIA documents that you haven't reviewed, that you don't know the contents of, and that we don't believe answer the question. And you aren't even specifying what DIA docs you are referring to, so it doesn't even work as a 33(d) response.

We have been at this now for six weeks. This is our last best chance to lance the boil and be done with it. I believe your case at trial is going to be "the issue is a generally complicated one, and so we settled and you should respect our judgment." Bruce said as much at the pretrial conference. Given that fact, I don't see why what I am asking for is controversial. It will simply clarify that point and put the case clearly to the court.

Let me know if you think further effort on this can be fruitful.

Best,

Steve

From: Geoffrey S Irwin [<mailto:gsirwin@JonesDay.com>]
Sent: Tuesday, June 10, 2014 9:38 AM
To: Hackney, Stephen C.
Subject: Fw: Remaining Syncora Interrogatories

Steve, I'm around if you want to talk, but I certainly feel like I answered the rogs exactly as I indicated I would below. I spoke with Bill, but I included you on our emails so there would be no confusion. If you responded to this note I absolutely missed it.

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----- Forwarded by Geoffrey S Irwin/JonesDay on 06/10/2014 10:32 AM -----

From: Geoffrey S Irwin/JonesDay
To: "Arnault, Bill" <warnault@kirkland.com>,
Cc: "Hackney, Stephen C." <shackney@kirkland.com>
Date: 06/04/2014 03:29 PM
Subject: Re: Remaining Syncora Interrogatories

Thanks, Bill. In many instances we would have partial information (we did have the Christies report) but we'll acknowledge that the answers to these questions reside with DIA, not the City.

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From: Arnault, Bill
Sent: Wednesday, June 4, 2014 2:52 PM
To: Geoffrey S Irwin
Cc: Hackney, Stephen C.
Subject: RE: Remaining Syncora Interrogatories

Geoff,

That's correct. Per our discussion, except for the three art interrogatories you've identified below, you've agreed that the City will supplement its answers by stating that the City does not know the answer to the questions posed in the applicable interrogatories.

Thanks,
Bill

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www.kirkland.com

From: Geoffrey S Irwin [<mailto:gsirwin@JonesDay.com>]
Sent: Wednesday, June 04, 2014 12:19 PM
To: Arnault, Bill
Cc: Hackney, Stephen C.
Subject: Fw: Remaining Syncora Interrogatories

Apologies, I should have also mentioned that I don't think we could respond more specifically to No. 10 than we already have (with reference to the supporting fixed asset schedule) so I wasn't planning to supplement that one either. Please let em know if you disagree. Geoff

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Date: 06/04/2014 11:51 AM
Subject: Remaining Syncora Interrogatories

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1. You have agreed that the City's answer to No. 8 is acceptable and needs no further supplementation; and
2. You have clarified that No. 9 is limited to communications with third parties outside the mediation process.

I'll turn to this shortly and will give you an ETA when I have one.

Thanks. Geoff

Geoffrey S. Irwin
Partner

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