

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

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

**FEE EXAMINER'S FIRST SUPPLEMENTAL QUARTERLY REPORT FOR MONTHS  
OF JULY, AUGUST AND SEPTEMBER 2013**

Robert M. Fishman, the duly appointed fee examiner (the "Fee Examiner"), submits this First Supplemental Quarterly Report (the "First Supplemental Quarterly Report") for the Months of July,<sup>1</sup> August and September 2013 (the "Reporting Period") pursuant to paragraph 8 of the Court's Fee Review Order dated September 11, 2013 [Docket No. 810] (the "Fee Review Order"):<sup>2</sup>

**Background**

1. Pursuant to the Order Appointing Fee Examiner dated August 19, 2013 [Docket No. 383] (the "Appointment Order"), the Court appointed Robert M. Fishman as the Fee Examiner in connection with the above-captioned bankruptcy case (the "Case"). Pursuant to the Appointment Order, it is the Fee Examiner's responsibility to assure the Court, the City, the creditors, and the public that the City's Professional Fee Expenses (as defined in the Appointment Order) are fully disclosed and are reasonable, as required by 11 U.S.C. § 943(b)(3).

---

<sup>1</sup> This Quarterly Report addresses post-petition time periods only. The above-entitled Chapter 9 case (the "Case") was filed on July 18, 2013. Therefore, only time and expenses from and after July 18, 2013 are included.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meaning assigned in the Fee Review Order.



2. Pursuant to paragraph 1 of the Fee Review Order, by no later than September 30, 2013, the City and the Committee were both required to submit lists of all professionals who have been retained to render services in connection with the Case and who seek payment of compensation and reimbursement of expenses from the City for post-petition services, excluding ordinary course professionals hired by the City not in conjunction with the Case, but rather in the same contexts and capacities as such professionals were typically hired by the City prior to the commencement of the Case. Fee Review Order, ¶ 1. The City and the Committee both complied with this requirement by submitting lists of the following City Professionals and Committee Professionals:<sup>3</sup>

**City Professionals**

Conway MacKenzie, Inc.  
Dykema Gossett, PLLC  
Ernst & Young LLP  
Jones Day  
Foley & Lardner LLP  
Kilpatrick & Associates, PC  
Kurtzman Carson Consultants LLC  
Miller Buckfire & Co. LLC  
Miller, Canfield, Paddock & Stone, P.L.C.  
Milliman, Inc.  
Ottenwess, Allman & Taweel, PLC  
Pepper Hamilton LLP

**Committee Professionals**

Dentons US LLP/Salans FMC SNR Denton Europe LLP  
Brooks Wilkins Sharkey & Turco PLLC  
Lazard Freres & Co. LLC  
Segal Consulting

3. By no later than October 4, 2013, each City Professional and Committee Professional was required to submit to the Fee Examiner (a) an executed copy of its engagement

---

<sup>3</sup> The City added Professionals (Dykema Gossett, PLLC, Kilpatrick & Associates, PC and Ottenwess, Allman & Taweel, PLC) in a letter to the Fee Examiner dated December 13, 2013.

letter, (b) a verified rate statement respecting regular hourly rates and Discounted Rates, and (c) a list of billing and expense categories to be used in monthly invoices (the “Invoices”), which list had to be acceptable to the Fee Examiner in his reasonable discretion (collectively, the “Initial Submissions”). Fee Review Order, ¶ 2.

4. Pursuant to the Fee Review Order, each Professional is required to submit Invoices to the Fee Examiner within 49 days after the end of each calendar month; provided, however, that the July and August 2013 Invoices were due on or before October 21, 2013 (each, an “Invoice Deadline”). *Id.*, ¶ 4. Within 35 days of each Invoice Deadline, the Fee Examiner is required to create Preliminary Reports with respect to each timely submitted Invoice and transmit that Preliminary Report to the applicable Professional. *Id.*, ¶ 5. During the 14-day period after the Fee Examiner transmits the Preliminary Report (the “Resolution Period”), the Fee Examiner and each Professional are required to meet and confer respecting any issues raised by the Fee Examiner in the Preliminary Report in an effort to resolve such issues by agreement (the “Resolution Discussion”). *Id.*, ¶ 6.

5. Within 14 days after the expiration of the Resolution Period, the Fee Examiner is required to prepare a Final Monthly Report respecting all of the Invoices. Fee Review Order, ¶ 7. In the Final Monthly Report, the Fee Examiner is required to delineate all write-offs and other adjustments made to each Invoice, both before the submission of the Monthly Invoice and as a result of the Resolution Discussions. *Id.*

6. Beginning on February 4, 2014<sup>4</sup> and approximately every 91 days thereafter, the Fee Examiner is required to prepare Quarterly Reports, which must include the following: (a) copies of each of the Final Monthly Reports for the applicable months and copies of each

---

<sup>4</sup> The original date set forth in the Fee Review Order was January 15, 2014, but the Court entered an Order extending that date to February 4, 2014 [Dkt. # 2435].

Monthly Invoice (subject to redaction requirements); (b) a summary of the Professional Fee Expenses for each Professional for the applicable time period, as well as for all prior time periods (if applicable); and (c) a statement by the Fee Examiner as to whether all of the Professional Fee Expenses covered by the Quarterly Report have been fully disclosed and are reasonable. Fee Review Order, ¶ 8. The Quarterly Reports must be filed with the Court and posted on the Emergency Manager's page of the City's website and on the restructuring website maintained by the City's claims and noticing agent. *Id.*

7. The Fee Review Order sets forth other procedures and requirements that apply to and govern the submission, disclosure and review of all Professional Fees in the Case.

8. This First Supplemental Quarterly Report only addresses the Invoices submitted by Kilpatrick & Associates, P.C. ("Kilpatrick").

#### **Final Monthly Reports and Monthly Invoices**

9. As required by the Fee Review Order, the Fee Examiner prepared and transmitted a Preliminary Report to Kilpatrick and engaged in Resolution Discussions with Kilpatrick prior to preparing the Final Monthly Report respecting Kilpatrick. The Final Monthly Report is attached hereto as Exhibit 1, and it includes copies of Invoices (redacted where applicable) submitted by Kilpatrick for the Reporting Period.

#### **Summary of Professional Fee Expenses for Reporting Period**

10. The attached Final Monthly Report includes a summary of the Professional Fee Expenses for the Invoices. The following is a summary of the Professional Fee Expenses of Kilpatrick for the Reporting Period following the Fee Examiner's review of the Invoices and related Resolution Discussions with Kilpatrick:<sup>5</sup>

---

<sup>5</sup> As was set forth in the Quarterly Report filed February 4, 2014, the original Quarterly Report did not address the Professional Fee Expenses of Kilpatrick & Associates, PC, due to the timing of the

<b>Kilpatrick &amp; Associates, PC</b>		
	<b>Total Fee Request</b>	<b>Total Expense Request</b>
July Post-petition/August 2013 (“J/A 2013”)	\$16,335.00	\$0.00
September 2013	\$8,370.00	\$61.60
<b>Quarterly Totals:</b>	\$24,705.00	\$61.60

**Statement Regarding Disclosure and Reasonableness of Professional Fee Expenses**

11. The procedures and requirements set forth in the Fee Review Order, including but not limited to the submission of the information contained in this First Supplemental Quarterly Report, are intended to ensure the adequacy of disclosure and a mechanism to assess the reasonableness of all Professional Fee Expenses. For example, the Initial Submissions enabled the Fee Examiner (i) to understand the terms of the engagement letters pursuant to which each Professional is employed, (ii) to evaluate the significance of any Discounted Rates in comparison to each Professional’s regular hourly rates, and (iii) to obtain Invoices in a sufficiently detailed and organized format that is conducive to meaningful review. The Fee Examiner, individually and through his professionals, conducted a thorough review of each Invoice and generated a Preliminary Report for each Invoice that contained the Fee Examiner’s detailed comments and questions, which were aimed at (a) generating compliance with the substantive requirements of the Fee Review Order and the reasonableness standards developed by the Fee Examiner based on his extensive experience in bankruptcy cases, and (b) providing full public disclosure of the Professional Fee Expenses (subject only to redacting as determined by the applicable Professional).

---

City advising Kilpatrick that it needed to participate in the fee process under the Fee Review Order and the timing of the submission, review process and Resolution Discussions respecting the July through September invoices of Kilpatrick.

12. Clearly, the aggregate Professional Fee Expenses incurred during the Reporting Period were substantial. Due to the magnitude and complexity of the Case, the novelty of the legal issues, the extremely tight time frames imposed by the Court and the strong differences in opinion between the various parties about what to do and how to do it, it was (and continues to be) inevitable that the costs associated with the services provided by the various Professionals were going to be significant. It is impossible (and inappropriate) to view these numbers in the abstract. They must be tested against the circumstances of the Case, such as the amount of debt being addressed, the number of competing interests that have to be considered, the number of diverse problems that must be simultaneously considered and solved and the uncharted waters of a Chapter 9 case of this magnitude.

13. All of the issues that the Fee Examiner identified in the Preliminary Report sent to Kilpatrick were reasonably addressed to the Fee Examiner's satisfaction through the Resolution Discussions and the subsequent revisions to Invoices. The power of the Fee Examiner under the Fee Review Order is limited to recommendations and challenges made through the Preliminary Reports and the Resolution Discussions. The Fee Examiner has no authority to require modifications of the Invoices or to reduce the amount of any firm's Professional Fee Expense request.

14. The Final Monthly Report prepared by the Fee Examiner delineate the rate discounts, voluntary write-offs and reductions by Kilpatrick, as applicable, both before the submission of each Invoice and as a result of the Resolution Discussions with the Fee Examiner, and, in the Fee Examiner's opinion, further reflect the reasonableness of the Professional Fee Expenses. The Fee Examiner believes that all of the requested expenses were necessarily incurred by Kilpatrick in connection with the services rendered. Accordingly, the Fee Examiner

submits that all of the Professional Fee Expenses from the Reporting Period, as covered by this First Supplement Quarterly Report, have been fully disclosed and are reasonable, as required by 11 U.S.C. § 943(b)(3).

Respectfully submitted,

Dated: April 1, 2014

By: /s/ Robert M. Fishman  
Robert M. Fishman, Fee Examiner

Robert M. Fishman  
Shaw Fishman Glantz & Towbin LLC  
321 North Clark Street, Suite 800  
Chicago, IL 60654  
(312) 541-0151  
rfishman@shawfishman.com

# **EXHIBIT 1**

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

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

**FEE EXAMINER'S FINAL MONTHLY REPORT  
REGARDING KILPATRICK JULY-SEPTEMBER 2013 MONTHLY INVOICES**

Robert M. Fishman, the duly appointed fee examiner (the "Fee Examiner"), presents this Final Monthly Report regarding the July-September 2013 Monthly Invoices of Kilpatrick & Associates, PC (the "Invoices") pursuant to paragraph 7 of the Court's Fee Review Order dated September 11, 2013 [Docket No. 810] (the "Fee Review Order"): <sup>1</sup>

**Background**

1. Pursuant to the Order Appointing Fee Examiner dated August 19, 2013 [Docket No. 383] (the "Appointment Order"), the Court appointed Robert M. Fishman as the Fee Examiner in connection with the above-captioned bankruptcy case. According to the Appointment Order, it is the Fee Examiner's responsibility to assure the Court, the City, the creditors, and the public that the City's Professional Fee Expenses (as defined in the Appointment Order) are fully disclosed and are reasonable, as required by 11 U.S.C. § 943(b)(3).

2. Pursuant to paragraph 1 of the Fee Review Order, the City and the Committee have identified the following City Professionals and Committee Professionals, whose Professional Fee Expenses are subject to review by the Fee Examiner:

---

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning assigned in the Fee Review Order.

<b>City Professionals</b>	<b>Committee Professionals</b>
Conway MacKenzie, Inc.	Dentons US LLP/Salans FMC SNR Denton Europe LLP
Ernst & Young LLP	Brooks Wilkins Sharkey & Turco PLLC
Jones Day	Lazard Freres & Co. LLC
Foley & Lardner LLP	Segal Consulting
Kurtzman Carson Consultants LLC	
Miller Buckfire & Co. LLC	
Miller, Canfield, Paddock & Stone, P.L.C.	
Milliman, Inc.	
Pepper Hamilton LLP	
Kilpatrick & Associates, PC	
Dykema Gossett, PLLC	
Ottewess, Allman & Taweel, PLC	

3. Pursuant to paragraph 4 of the Fee Review Order, the Professionals are required to submit monthly invoices to the Fee Examiner within 49 days after the end of each calendar month.

4. The Fee Examiner issued and transmitted a July-October 2013 Preliminary Report (the "Preliminary Report") to Kilpatrick & Associates, P.C. ("Kilpatrick") on or about January 23, 2014.<sup>2</sup> Thereafter the Fee Examiner engaged in Resolution Discussions with Kilpatrick in an effort to resolve the Fee Examiner's comments and questions regarding the Invoices.

---

<sup>2</sup> Because the July-October Kilpatrick Invoices were submitted simultaneously, the Fee Examiner's Preliminary Report dealt with all four months. This Final Report and the subsequent references to the Preliminary Report, deal only with July-September 2013 Invoices.

Accordingly, pursuant to paragraph 7 of the Fee Review Order, the Fee Examiner submits this Final Monthly Report regarding the Kilpatrick Invoices.

**Summary of Kilpatrick Invoices**

5. Attached to this Final Monthly Report (as Exhibit A) are copies of the final, redacted (as applicable) Invoices that have been revised based on the Preliminary Report and Resolution Discussions between the Fee Examiner and Kilpatrick.

6. Kilpatrick & Associates, P.C. (Exhibit A)

<b>Initial Voluntary Discounts</b>	Discounting hourly rates between 33-48%
<b>Original Fee Request</b>	\$24,705.00
<b>Additional Voluntary Fee Reduction</b>	\$0
<b>Final Fee Request</b>	\$24,705.00
<b>Original Expense Request</b>	\$61.60
<b>Additional Voluntary Expense Reduction</b>	\$0
<b>Final Expense Request</b>	\$61.60
<b>Total Fee and Expense Request</b>	\$24,766.60

In the Preliminary Report that the Fee Examiner sent to Kilpatrick, the Fee Examiner requested that Kilpatrick revise its Invoices to provide descriptive summaries of the services rendered in each billing category, and provide more detail for substantially all of its billing entries. In particular, Kilpatrick was asked to develop more substantive billing categories and revise its Invoices to reorganize its time entries into the newly developed, appropriate billing categories. On February 17, 2014, Kilpatrick provided written comments in response to the Fee Examiner's Preliminary Report that added more detail to individual time entries, and included summaries of billing categories for each month and a separate explanation of all abbreviations used. Kilpatrick also worked with the Fee Examiner to develop new billing categories for its time entries. Kilpatrick's comments addressed the Fee Examiner's requests, and were later

incorporated in Kilpatrick's revised and final July-September Invoices. Kilpatrick provided the Fee Examiner with verifications of compliance with the Fee Review Order, and the revised Invoices addressed the Fee Examiner's concerns.

Respectfully submitted,

Dated: April 1, 2014

By: /s/ Robert M. Fishman  
Robert M. Fishman, Fee Examiner

Robert M. Fishman  
Shaw Fishman Glantz & Towbin LLC  
321 North Clark Street, Suite 800  
Chicago, IL 60654  
Phone: (312) 541-0151  
[rfishman@shawfishman.com](mailto:rfishman@shawfishman.com)

# **EXHIBIT A**

Kilpatrick & Associates, P.C.  
Attorneys and Counselors at Law  
903 North Opdyke Road, Suite C  
Auburn Hills, MI 48326

Phone: (248) 377-0700

Fax: (248) 377-0800

City of Detroit Water & Sewerage Dept.  
William Wolfson  
735 Randolph Street  
Detroit, MI 48226

12/16/2013

Regarding: **Detroit Water & Sewerage Dept.**  
Case Number:  
Account Number: **LS-1604**  
Invoice Number **90845**

**Services Rendered**

<u>Date</u>	<u>Staff</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Charges</u>
<b>Alternative Structures</b>					
7/19/2013	RIK	Review of e-mail from C. Hupp of Bodman to confirm attendance at August 7, 2013 meeting with EFM's consultants	0.10	\$200.00	\$20.00
7/19/2013	RIK	E-mail to C. Hupp to confirm attendance at August 7, 2013 meeting with EFM's consultants	0.10	\$200.00	\$20.00
7/30/2013	RIK	Receipt of e-mail from J. Doak of Miller Buckfire advising that he reserved space for a meeting with County representatives	0.10	\$200.00	\$20.00
7/31/2013	RIK	Receipt of e-mail from S. McCormick requesting clarification on who is permitted to attend the meeting with the County officials	0.10	\$200.00	\$20.00
7/31/2013	RIK	Receipt of e-mail from W. Wolfson advising that only attorneys should be in attendance at the meeting with the County officials	0.10	\$200.00	\$20.00
7/31/2013	RIK	Review and response to emails from S. McCormick and W. Wolfson - meeting with Jones and meeting on 8/7/13	0.20	\$200.00	\$40.00

8/05/2013	RIK	Emails with H. Lennox - preparation for meeting on 8/7/13 and scheduling of conference call - Response to emails	0.30	\$200.00	\$60.00
8/07/2013	RIK	Review of pleadings from Jefferson County Case regarding rate setting authority	0.60	\$200.00	\$120.00
8/07/2013	RIK	Participation in meeting with customers and DWSD - Finances and structure	2.30	\$200.00	\$460.00
8/07/2013	SMK	Participation in meeting with customers and DWSD - Finances and structure	2.30	\$150.00	\$345.00
8/09/2013	RIK	Review of Articles and Agreements for Regional Authority	0.80	\$200.00	\$160.00
8/13/2013	RIK	Review and revision of term sheet	1.30	\$200.00	\$260.00
8/13/2013	RIK	Telephone conversation with W. Wolfson - suggestions on term sheet	0.10	\$200.00	\$20.00
8/13/2013	RIK	Review and response to emails from H. Lennox - calendaring of meeting	0.20	\$200.00	\$40.00
8/13/2013	RIK	Review of Dykema's comments on draft term sheet	0.40	\$200.00	\$80.00
8/13/2013	RIK	E-mail to W. Wolfson to provide comments on draft term sheet	0.10	\$200.00	\$20.00
8/13/2013	RIK	Review of final draft of term sheet incorporating all comments	0.30	\$200.00	\$60.00
8/14/2013	RIK	Receipt of email from B. Sedlak with discussion draft of term sheet - review of discussion draft of term sheet	0.20	\$200.00	\$40.00
8/14/2013	RIK	Receipt of email from W. Wolfson with revised term sheet, review of same	0.40	\$200.00	\$80.00

8/15/2013	RIK	Meeting with EM team, client, and counties regarding regional authority	2.40	\$200.00	\$480.00
8/19/2013	RIK	Receipt and review of email from A. Fillingham - Issues associated with Authority	0.20	\$200.00	\$40.00
8/22/2013	RIK	Participation in conference call - Regional Authority - Discussions with bond holders	0.20	\$200.00	\$40.00
8/22/2013	RIK	Review of Monoline Term Sheet from W. Wolfson	0.20	\$200.00	\$40.00
8/23/2013	SMK	E-mail to R. Franzinger at Dykema to request memorandum on BOWC approval of authority	0.10	\$150.00	\$15.00
8/23/2013	SMK	Receipt of e-mail from R. Franzinger containing memorandum on BOWC approval of authority-forwarded to R. Kilpatrick	0.10	\$150.00	\$15.00
8/26/2013	RIK	Review of Authority by memorandum from R. Frazinger, transmittal to H. Lennox	0.30	\$200.00	\$60.00
8/27/2013	SMK	Attended meeting at DWSD to prepare for August 29, 2013 meeting at Miller Canfield	3.00	\$150.00	\$450.00
8/29/2013	SMK	Attended meeting at Miller Canfield to discuss 'Authority Concerns'	4.00	\$150.00	\$600.00
8/29/2013	SMK	Review of Dykema's comments on draft 'Authority Concerns'	0.30	\$150.00	\$45.00
8/29/2013	SMK	Review of draft 'Authority Concerns' prepared by W. Wolfson in preparation for meeting with Miller Canfield	0.40	\$150.00	\$60.00

Sub Total: Alternative Structures

\$3,730.00

Contract Assumption/Rejection

Kilpatrick & Associates, P.C.

8/22/2013	RIK	Meeting with S. Kaminski - update on contract issues	0.20	\$200.00	\$40.00
8/22/2013	SMK	Meeting with R. Kilpatrick to provide update on contract issues	0.20	\$150.00	\$30.00
8/22/2013	SMK	Correspond with N. Bateson regarding attending meeting on contract review	0.20	\$150.00	\$30.00
8/23/2013	SMK	Draft summary of contracts meeting for R. Kilpatrick and W. Wolfson	0.30	\$150.00	\$45.00
8/23/2013	SMK	Receipt of e-mail from N. Bateson providing information for contracts meeting	0.10	\$150.00	\$15.00
8/23/2013	SMK	Conference call with N. Bateson, DWSD Purchasing Department, DWSD Contracts & Grants Department, and Ernst & Young regarding compiling all of DWSD's contracts for a Section 365 review.	1.00	\$150.00	\$150.00
8/28/2013	RIK	Review of memorandum from S. Kaminski and schedule of DWSD contracts	0.40	\$200.00	\$80.00
Sub Total: Contract Assumption/Rejection					\$390.00

Case Status Updates

7/24/2013	SMK	Attended a portion of the BOWC's meeting	1.50	\$150.00	\$225.00
7/24/2013	RIK	Prepare for meeting with BOWC	0.60	\$200.00	\$120.00
7/24/2013	RIK	Attendance at BOWC's meeting	2.70	\$200.00	\$540.00
8/02/2013	SMK	Draft report of 8/2/2013 hearing	0.50	\$150.00	\$75.00
8/07/2013	RIK	Revision of report on 8/2/13 hearings	0.30	\$200.00	\$60.00
8/09/2013	RIK	Draft and revision of transmittal memorandum - office conference with W. Jackson	0.30	\$200.00	\$60.00

8/12/2013	SMK	Meeting with client and board - structure	0.90	\$150.00	\$135.00
8/12/2013	RIK	Meeting with client and board - structure	0.90	\$200.00	\$180.00
8/21/2013	RIK	Dictation of memorandum to W. Wolfson and summaries	0.50	\$200.00	\$100.00
8/26/2013	RIK	Revision of summary of August 2, 2013 status conference prepared by S. Kaminski	0.30	\$200.00	\$60.00
Sub Total: Case Status Updates					\$1,555.00

**General and Admin**

7/18/2013	RIK	Review of pleadings filed in City of Detroit's bankruptcy case	1.40	\$200.00	\$280.00
7/19/2013	RIK	E-mail to W. Wolfson to request permission to file Notice of Appearance in City of Detroit's bankruptcy case	0.10	\$200.00	\$20.00
7/19/2013	RIK	Review of e-mail from W. Wolfson granting permission to file Notice of Appearance in City of Detroit's bankruptcy case	0.10	\$200.00	\$20.00
7/19/2013	RIK	Review of e-mail from N. Bateson advising that a DWSD Investor would like to know how DWSD will be affected by the settlement with the swap counter parties	0.10	\$200.00	\$20.00
7/19/2013	RIK	Preparation of Notice of Appearance	0.30	\$200.00	\$60.00
7/19/2013	RIK	Review of docket and pleadings	0.80	\$200.00	\$160.00
7/19/2013	RIK	Review of news article from M. Schenk	0.20	\$200.00	\$40.00
7/19/2013	SMK	E-mail Notice of Appearance to W. Wolfson	0.10	\$150.00	\$15.00

7/21/2013	SMK	Receipt of e-mail from client requesting conference call at 11:30 am on Monday, July 22, 2013. Call placed on R. Kilpatrick's calendar.	0.10	\$150.00	\$15.00
7/23/2013	RIK	Review of docket - designation of documents to be retrieved	0.30	\$200.00	\$60.00
7/24/2013	RIK	Review of Dockets - #53 Motion of Debtor Confirming Protection of Section 362; #56 Motion Extending the Chapter 9 Stay; #63 Objection to ExParte Motion; #70 Administrative Order, Courtroom Decorum; #84 Motion to Extend the Automatic Stay; #85 Limited Objection to Case Management & Scheduling Procedures	1.60	\$200.00	\$320.00
7/25/2013	RIK	Review of Syncora's Objections to Motion to Assume	0.60	\$200.00	\$120.00
7/25/2013	RIK	Review of docket - instructions for retrieval of pleadings	0.30	\$200.00	\$60.00
7/31/2013	RIK	Reviewed summary of the information conveyed by Jones Day at a meeting with the City on July 24	0.20	\$200.00	\$40.00
8/01/2013	SMK	Review of Motions scheduled to be heard on August 2, 2013	0.60	\$150.00	\$90.00
8/09/2013	RIK	Telephone conversation with W. Wolfson regarding forwarding of documents	0.10	\$200.00	\$20.00
8/09/2013	RIK	Telephone conversation with H. Lennox - Data Room	0.20	\$200.00	\$40.00
8/13/2013	RIK	Review of Notice of Commencement - transmittal to client	0.20	\$200.00	\$40.00
8/13/2013	RIK	Receipt and review of email from H. Lennox regarding FOIA request	0.10	\$200.00	\$20.00
8/14/2013	RIK	Receipt and review of verified statement for Mintz Levin and Notice of Appearance	0.20	\$200.00	\$40.00

8/20/2013	RIK	Review of Motion to Assume Executory Contact - Forbearance Agreement - Syncora	1.00	\$200.00	\$200.00
8/21/2013	RIK	Review of docket - Instructions to staff for retrieval of documents	0.30	\$200.00	\$60.00
8/22/2013	RIK	Review of docket	0.20	\$200.00	\$40.00
8/26/2013	RIK	Review of pleadings - Motion for Protective Order (Data Room) and Discovery, eligibility	0.30	\$200.00	\$60.00
8/26/2013	RIK	Review of docket - designation of documents to be retrieved	0.20	\$200.00	\$40.00
8/27/2013	RIK	Review of docket, retrieval of Order on Eligibility Objections	0.20	\$200.00	\$40.00
8/28/2013	RIK	Review of docket	0.20	\$200.00	\$40.00
8/28/2013	RIK	Receipt and review of Notice of Commencement - Docketing of dates	0.20	\$200.00	\$40.00
8/29/2013	SMK	Review of docket for bankruptcy case	0.30	\$150.00	\$45.00
8/30/2013	SMK	Review of docket for bankruptcy case	0.30	\$150.00	\$45.00
Sub Total: General and Admin					\$2,090.00

**Hearings**

7/24/2013	SMK	Attended hearing in City of Detroit's bankruptcy case in which Judge Rhodes made his ruling on the Motion to Confirm the Automatic Stay and Motion to Extend the Automatic Stay	1.00	\$150.00	\$150.00
7/24/2013	RIK	Attendance at initial hearing on case	3.30	\$200.00	\$660.00

7/24/2013	SMK	Attended hearing on Motion to Confirm the Automatic Stay and Motion to Extend the Automatic Stay	1.00	\$150.00	\$150.00
8/02/2013	SMK	Attended status conference in City of Detroit's bankruptcy case	6.00	\$150.00	\$900.00
8/28/2013	SMK	Attended status conference in City of Detroit's bankruptcy case	2.00	\$150.00	\$300.00
Sub Total: Hearings					\$2,160.00
<b>Operations</b>					
7/18/2013	RIK	Review of information on Bonds and Suit by pensioners	0.40	\$200.00	\$80.00
7/19/2013	RIK	Review of e-mail from W. Wolfson with questions regarding the effect of the automatic stay	0.10	\$200.00	\$20.00
7/19/2013	RIK	E-mail to W. Wolfson to address questions related to the effect of the automatic stay	0.10	\$200.00	\$20.00
7/19/2013	RIK	Review of e-mail from N. Bateson advising that EFM's office wants all DWSD finance inquiries to go through Ernst & Young.	0.10	\$200.00	\$20.00
7/23/2013	RIK	Telephone conversation with W. Wolfson regarding litigation claims and future actions	0.20	\$200.00	\$40.00
7/23/2013	RIK	Review and response to emails from Jones Day and client	0.40	\$200.00	\$80.00
7/24/2013	SMK	Meeting with N. Bateson to obtain information regarding DWSD's finances	1.00	\$150.00	\$150.00
7/29/2013	RIK	Receipt of e-mail from W. Wolfson requesting assistance [REDACTED]	0.10	\$200.00	\$20.00

7/29/2013	SMK	Receipt of e-mail from W. Wolfson requesting assistance [REDACTED]	0.10	\$150.00	\$15.00
7/30/2013	RIK	Receipt of e-mail from S. McCormick [REDACTED]	0.10	\$200.00	\$20.00
7/30/2013	RIK	E-mail to W. Wolfson advising that our office will work with G. Watkins [REDACTED]	0.20	\$200.00	\$40.00
7/30/2013	SMK	Receipt of e-mail from S. McCormick [REDACTED]	0.10	\$150.00	\$15.00
7/31/2013	SMK	Telephone conversation with G. Watkins [REDACTED]	0.50	\$150.00	\$75.00
8/01/2013	SMK	E-mail to G. Watkins [REDACTED]	0.10	\$150.00	\$15.00
8/05/2013	RIK	Review of emails with attachments from W. Wolfson - preparation for meeting on 8/6/13	0.40	\$200.00	\$80.00
8/05/2013	RIK	Review of report on CPA's Order from Cox and memo to preparation for meeting	0.50	\$200.00	\$100.00
8/05/2013	RIK	Review of email from R. Franzinger - regarding EM Letter Judge Cox's Order and Labor negotiations	0.20	\$200.00	\$40.00
8/05/2013	RIK	Conference call with S. McCormick and W. Wolfson - Labor, current events and conference calls	0.70	\$200.00	\$140.00
8/05/2013	RIK	Review of emails from 8-1-13 through 8-4-13 on various topics	0.30	\$200.00	\$60.00

8/06/2013	RIK	Final preparation for meeting on labor issues	0.30	\$200.00	\$60.00
8/06/2013	RIK	Attendance at meeting on Labor Issues	2.40	\$200.00	\$480.00
8/06/2013	RIK	Participation in conference call to prepare for labor issues meeting on 8/7/13	0.80	\$200.00	\$160.00
8/06/2013	RIK	Telephone conversation with W. Wolfson - preparation for 8/7/13 meeting	0.20	\$200.00	\$40.00
8/06/2013	SMK	Attendance at meeting on labor issues	2.40	\$150.00	\$360.00
8/06/2013	SMK	Review of e-mails from N. Bateson regarding customer deposits	0.10	\$150.00	\$15.00
8/08/2013	SMK	Review of meeting agenda and memorandum prepared by S. Schwartz	0.20	\$150.00	\$30.00
8/08/2013	RIK	Receipt and review of emails from N. Bateson with Sidley/Blackstone information on request	0.40	\$200.00	\$80.00
8/08/2013	SMK	Review of spreadsheet of City of Detroit's water & sewer accounts	0.30	\$150.00	\$45.00
8/09/2013	SMK	E-mail to W. Wolfson and N. Bateson to request permission to forward the list of the City of Detroit water & sewer accounts to Ernst Young and Jones Day	0.10	\$150.00	\$15.00
8/12/2013	RIK	Review and response to emails from W. Wolfson and N. Bateson	0.30	\$200.00	\$60.00

Sub Total: Operations

---

 \$2,375.00

U.S. Bank

8/20/2013	RIK	Receipt of email with US Bank notification and information request on beneficiaries of bonds	0.30	\$200.00	\$60.00
8/27/2013	RIK	Review of Spreadsheet on Bonds	0.40	\$200.00	\$80.00
Sub Total: U.S. Bank					\$140.00
<b>Vendor Issues</b>					
7/18/2013	RIK	Call with W. Wolfson regarding City of Detroit filing and adequate assurance letter	0.20	\$200.00	\$40.00
7/18/2013	RIK	Telephone conversation with H. Lennox, M. Schenk regarding meeting	0.30	\$200.00	\$60.00
7/19/2013	RIK	Review of e-mail from W. Wolfson outlining the duties that were assigned during the conference call.	0.10	\$200.00	\$20.00
7/19/2013	RIK	Telephone conversation with H. Lennox to discuss messaging to vendors and to request written confirmation that DWSD vendors will be paid during the pendency of the City's bankruptcy case.	0.30	\$200.00	\$60.00
7/19/2013	RIK	E-mail from M. Schenk providing telephone number for counsel for the lime vendor	0.10	\$200.00	\$20.00
7/19/2013	RIK	Telephone conversation with counsel for the lime vendor	0.20	\$200.00	\$40.00
7/19/2013	RIK	E-mail to N. Bateson advising that the adequate assurance letter and talking points will be sent shortly and that a discussion will be needed on the appropriate response to investor questions.	0.10	\$200.00	\$20.00
7/19/2013	RIK	Conference call with W. Wolfson, M. Schenk, N. Bateson, T. Gavin, and Sue McCormick to discuss next steps in Chapter 9 case and communicating with vendors	0.50	\$200.00	\$100.00
7/19/2013	RIK	Review and response to emails from clients, co-counsel and others - various issues	2.50	\$200.00	\$500.00

7/19/2013	RIK	Telephone conversation with W. Wolfson regarding future actions	0.40	\$200.00	\$80.00
7/19/2013	RIK	Conference call with Dykema to discuss addressing client's questions regarding payment of vendors and the effect of the automatic stay.	0.40	\$200.00	\$80.00
7/19/2013	RIK	Review of e-mail forwarded by W. Wolfson from DWSD contractor Weiss Construction asking how the City of Detroit's bankruptcy case will affect DWSD payments to contractors	0.10	\$200.00	\$20.00
7/19/2013	RIK	Telephone conversation with counsel for Weiss Construction to address questions regarding payment for services	0.20	\$200.00	\$40.00
7/19/2013	RIK	Review of e-mail from M. Schenk advising that lime vendor, Carmeuse, is requiring cash in advance to provide the lime until it is listed as a critical vendor in the City's bankruptcy case	0.10	\$200.00	\$20.00
7/19/2013	RIK	Review of revisions made to adequate assurance letter by S. Kaminski. Further revision of adequate assurance letter.	0.20	\$200.00	\$40.00
7/19/2013	RIK	E-mail to W. Wolfson, M. Schenk, N. Bateson, S. McCormick to provide a summary of telephone conversation with H. Lennox regarding vendor issues	0.10	\$200.00	\$20.00
7/19/2013	RIK	Telephone conversation with B. Erens regarding payment to vendors by DWSD	0.20	\$200.00	\$40.00
7/19/2013	RIK	E-mail to M. Schenk, W. Wolfson, S. McCormick, N. Bateson to provide summary of telephone conversation with B. Erens	0.10	\$200.00	\$20.00
7/19/2013	RIK	Review of e-mail from N. Bateson providing link to vendor letter posted on City of Stockton's Chapter 9 information page and review of vendor letter	0.10	\$200.00	\$20.00
7/19/2013	RIK	Review and revision of proposed talking points drafted by S. Kaminski	0.20	\$200.00	\$40.00

7/19/2013	RIK	Review of e-mail from Sonya Mays advising that DWSD needs to align with the City's vendor management/ communication plan	0.10	\$200.00	\$20.00
7/19/2013	SMK	E-mail proposed talking points for vendors to W. Wolfson and M. Schenk	0.10	\$150.00	\$15.00
7/19/2013	SMK	Revision of adequate assurance letter, which included conducting research on the treatment of vendors in Chapter 9 cases.	0.80	\$150.00	\$120.00
7/19/2013	SMK	E-mail revised adequate assurance letter to W. Wolfson and M. Schenk for review	0.10	\$150.00	\$15.00
7/19/2013	SMK	Developed talking points for use with vendors	0.30	\$150.00	\$45.00
7/19/2013	SMK	Conference call with W. Wolfson, M. Schenk, N. Bateson, T. Gavin, and S. McCormick to discuss next steps in Chapter 9 case and communicating with vendors	0.50	\$150.00	\$75.00
7/19/2013	SMK	Conference call with Dykema to discuss addressing client's questions regarding payment of vendors and the effect of the automatic stay	0.40	\$150.00	\$60.00
7/20/2013	RIK	Review of emails from EM and client - Messaging, payment of vendors and essential vendors	0.40	\$200.00	\$80.00
7/22/2013	RIK	Review of emails from EM and client - protocol, messaging and payment of vendors	0.30	\$200.00	\$60.00
7/22/2013	RIK	Revision of Protocol for vendor payment	0.30	\$200.00	\$60.00
7/22/2013	RIK	Telephone conversation with client - Preparation for conference call with EM and professionals	0.40	\$200.00	\$80.00
7/22/2013	RIK	Conference call with client, EM and professionals	0.80	\$200.00	\$160.00

Date	Initials	Description	Hours	Rate	Amount
7/22/2013	RIK	Telephone conversation with W. Wolfson - future actions	0.20	\$200.00	\$40.00
7/22/2013	RIK	Revision of Adeq. Assurance Letter	0.30	\$200.00	\$60.00
7/22/2013	RIK	Review and response to emails from client	0.30	\$200.00	\$60.00
7/22/2013	RIK	Conference call with Ernest & Young, Jones Day, EFM's Office, and the DWSD regarding proposed Protocol for Payment to Vendors	0.60	\$200.00	\$120.00
7/22/2013	SMK	Scheduled conference call with M. Schenk and W. Wolfson to discuss proposed Protocol for Vendor Payment	0.10	\$150.00	\$15.00
7/22/2013	SMK	Receipt of e-mail from M. Schenk requesting additional revisions to vendor letter	0.10	\$150.00	\$15.00
7/22/2013	SMK	Receipt of e-mail from W. Wolfson and M. Schenk requesting that vendor letter be forward to Jones Day and the EFM's Office	0.10	\$150.00	\$15.00
7/22/2013	SMK	E-mail to W. Wolfson and M. Schenk to confirm who the vendor letter should be sent to	0.10	\$150.00	\$15.00
7/22/2013	SMK	Revision of adequate assurance letter to apply to generic "essential vendors"	0.20	\$150.00	\$30.00
7/22/2013	SMK	E-mail revised vendor letter to M. Schenk and W. Wolfson	0.10	\$150.00	\$15.00
7/22/2013	SMK	Receipt of e-mail from M. Schenk requesting that vendor letter be revised to include more generic information	0.10	\$150.00	\$15.00
7/22/2013	SMK	Review of e-mail from M. Schenk setting out proposed Protocol for Vendor Payment	0.10	\$150.00	\$15.00
7/22/2013	SMK	Review of formal proposed Protocol for Vendor Payments from M. Schenk. Print documents for review by R. Kilpatrick	0.30	\$150.00	\$45.00

7/22/2013	SMK	Add R. Kilpatrick's suggested revisions to the proposed Protocol for DWSD Vendor Payments	0.10	\$150.00	\$15.00
7/22/2013	SMK	E-mail revised proposed Protocol for DWSD Vendor Payments to M. Schenk	0.10	\$150.00	\$15.00
7/22/2013	SMK	Conference call with W. Wolfson, S. McCormick, M. Schenk, and N. Bateson regarding the proposed Protocol for Vendor Payment	0.40	\$150.00	\$60.00
7/22/2013	SMK	Conference call with Ernest & Young, Jones Day, EFM's Office, and the DWSD regarding proposed Protocol for Payment to Vendors	0.60	\$150.00	\$90.00
7/22/2013	SMK	E-mail to W. Wolfson and M. Schenk regarding preparing new letter to vendors	0.10	\$150.00	\$15.00
7/23/2013	RIK	Review of final draft of vendor letter provided by EFM's office	0.10	\$200.00	\$20.00
7/23/2013	SMK	Receipt of e-mails from M. Schenk and W. Wolfson providing the contact information for the parties that are to receive the vendor letter	0.10	\$150.00	\$15.00
7/23/2013	SMK	E-mail vendor letter to Jones Day, Ernest & Young, and the EFM's Office per M. Schenk and W. Wolfson's request	0.10	\$150.00	\$15.00
7/23/2013	SMK	Telephone conversation with W. Wolfson regarding vendor Letter	0.10	\$150.00	\$15.00
7/23/2013	SMK	E-mail to Jones Day, Ernst & Young, and the EFM's office to follow up on vendor letter, per W. Wolfson's request	0.10	\$150.00	\$15.00
7/29/2013	SMK	Conference call with DWSD, Ernest & Young, and Jones Day regarding vendor payment issues	0.50	\$150.00	\$75.00

Date	Initials	Description	Hours	Rate	Amount
7/29/2013	SMK	E-mail to W. Wolfson to find out who has additional information regarding the contracts with AT&T and DTE	0.10	\$150.00	\$15.00
7/29/2013	SMK	Review of e-mail from N. Bateson regarding payment to NEFCO	0.10	\$150.00	\$15.00
7/29/2013	SMK	Receipt of e-mail from N. Bateson providing the information for the 3:30 p.m. telephone conference regarding payment to vendors	0.10	\$150.00	\$15.00
7/29/2013	RIK	Review of e-mail from N. Bateson regarding payment to NEFCO	0.10	\$200.00	\$20.00
7/29/2013	RIK	Receipt of e-mail from N. Bateson providing the information for the 3:30 p.m. telephone conference regarding payment to vendors	0.10	\$200.00	\$20.00
7/29/2013	RIK	Review of agenda for 3:30 p.m. telephone conference regarding payment to vendors	0.10	\$200.00	\$20.00
7/29/2013	RIK	Conference call with DWSD, Ernest & Young, and Jones Day regarding vendor payment issues	0.50	\$200.00	\$100.00
7/29/2013	SMK	Review of agenda for 3:30 p.m. telephone conference	0.10	\$150.00	\$15.00
7/29/2013	RIK	Review of email from W. Wolfson - Essential Vendor, procedures and forms - comments to client on same	0.30	\$200.00	\$60.00
7/29/2013	RIK	Conference call with S. McCormick and W. Wolfson - follow-up to Vendor call on payment	0.30	\$200.00	\$60.00
7/30/2013	RIK	Receipt of e-mail from N. Bateson regarding vendor Letter	0.10	\$200.00	\$20.00
7/30/2013	RIK	E-mail to N. Bateson regarding vendor Letter	0.10	\$200.00	\$20.00
7/30/2013	RIK	Receipt of e-mail from W. Wolfson requesting that our office prepare a post-petition letter for potential vendors	0.10	\$200.00	\$20.00

Date	Initials	Description	Hours	Rate	Amount
7/30/2013	RIK	E-mail to W. Wolfson advising that a draft of the post-petition letter to vendors will be prepared by August 1, 2013	0.10	\$200.00	\$20.00
7/30/2013	SMK	Receipt of e-mail from W. Wolfson requesting that our office prepare a post-petition letter for potential vendors	0.10	\$150.00	\$15.00
7/30/2013	SMK	Receipt of e-mail from N. Bateson regarding vendor Letter	0.10	\$150.00	\$15.00
7/31/2013	RIK	Review and revision of rough draft of post-petition vendor letter	0.30	\$200.00	\$60.00
7/31/2013	SMK	Drafted post-petition letter to potential vendors	0.40	\$150.00	\$60.00
8/05/2013	SMK	Draft proposed post-petition vendor letter	0.40	\$150.00	\$60.00
8/05/2013	RIK	Revision of post-petition vendor letter	0.20	\$200.00	\$40.00
8/06/2013	RIK	Review of revised post-petition vendor letter	0.10	\$200.00	\$20.00
8/06/2013	SMK	Revision of post-petition vendor letter to incorporate changes requested by R. Kilpatrick	0.20	\$150.00	\$30.00
8/06/2013	SMK	E-mail proposed post-petition vendor letter to W. Wolfson for review and approval	0.10	\$150.00	\$15.00
8/21/2013	RIK	Review of email from W. Wolfson - vendor letter, transmittal to T. Hoffman for comments	0.30	\$200.00	\$60.00
8/22/2013	SMK	E-mail to N. Bateson to request AT&T services contract	0.10	\$150.00	\$15.00
8/22/2013	SMK	E-mail to T. Hoffman to follow up on approval of post-petition vendor letter	0.10	\$150.00	\$15.00

8/22/2013	SMK	Receipt of e-mail from Sam Anderson, counsel for Infiniti, a company that supplies water meters to DWSD requesting assurance of payment in advance of the next shipment.	0.10	\$150.00	\$15.00
8/22/2013	SMK	Telephone conversation with Sam Anderson, counsel for Infiniti, which supplies water meters to DWSD to discuss request for assurance of payment for post-petition services.	0.10	\$150.00	\$15.00
8/23/2013	RIK	Review of emails from T. Hoffman revised Letter - follow-up instructions for transmittal to client	0.20	\$200.00	\$40.00
8/23/2013	SMK	E-mail post-petition vendor letter with T. Hoffman's revisions to W. Wolfson	0.10	\$150.00	\$15.00
8/23/2013	SMK	Receipt of e-mail from N. Bateson containing AT&T services agreement- review of same	0.30	\$150.00	\$45.00
8/23/2013	SMK	Telephone conversation with B. Pickering of Ernst & Young to follow up on the status of payment of the DTE and AT&T accounts	0.10	\$150.00	\$15.00
8/27/2013	SMK	E-mail to N. Bateson to request AT&T shut off notices,	0.10	\$150.00	\$15.00
8/30/2013	SMK	Receipt of e-mail on the status of payment to AT&T and DTE from Shavi Sarna of Ernst & Young	0.10	\$150.00	\$15.00
8/30/2013	SMK	E-mail to T. Hoffman to follow up on the status of Emergency Manager approval of the post-petition vendor letter	0.10	\$150.00	\$15.00

Sub Total: Vendor Issues

\$3,895.00

Total Fees

\$16,335.00

Total New Charges	\$16,335.00
Previous Balance	\$16,826.65
Balance Due	<u>\$33,161.65</u>

**Phase Table**

Phase	Hours	Rate	Charges
Alternative Structures	10.20	150.00	\$1,530.00
Alternative Structures	11.00	200.00	\$2,200.00
Contract Assumption/Rejection	1.80	150.00	\$270.00
Contract Assumption/Rejection	0.60	200.00	\$120.00
Case Status Updates	2.90	150.00	\$435.00
Case Status Updates	5.60	200.00	\$1,120.00
Fee Review	0.00	0.00	\$0.00
General and Admin	1.40	150.00	\$210.00
General and Admin	9.40	200.00	\$1,880.00
Hearings	10.00	150.00	\$1,500.00
Hearings	3.30	200.00	\$660.00
Operations	4.90	150.00	\$735.00
Operations	6.20	200.00	\$1,640.00
U.S. Bank	0.70	200.00	\$140.00
Vendor Issues	8.50	150.00	\$1,275.00
Vendor Issues	13.10	200.00	\$2,620.00

**Staff Summary**

Name	Hours	Rate
Richardo I Kilpatrick	51.90	\$200.00
Shanna M Kaminski	39.70	\$150.00

## **SUMMARY OF BILLING CATEGORIES**

### **General and Administrative**

Legal services billed under the General and Administrative category include any and all legal services that do not fit in one of the discrete categories listed below. Included in this category in the attached invoice are fees for review of the docket for the City of Detroit's bankruptcy case and relevant pleadings filed in the case. Also included are telephone conversations with co-counsel to DWSD, Jones Day, to discuss FOIA requests and the data room.

### **Operations**

Kilpatrick & Associates, P.C. ("Firm") assists the City of Detroit Water and Sewerage Department ("DWSD") with matters that arise in its day-to-day operations. The time spent providing such services are billed under the Operations category. During the period covered by the attached invoice, the Firm was ask to provide counsel on a number of bankruptcy related matters that DWSD was concerned would affect operations. For example, DWSD requested that the Firm provide counsel on the effect of the automatic stay [REDACTED] [REDACTED]. Notably, there was a meeting between labor counsel for DWSD, Jones Day, and DWSD management that the Firm was asked to attend to provide information regarding how the bankruptcy may effect ongoing labor negotiations and litigation. The Firm was also asked to meet with the Chief Financial Officer of DWSD so that the firm could be apprised of how finance related matters are addressed.

### **Vendor Issues**

After the City of Detroit filed its bankruptcy case, there were concerns from vendors that provide services to DWSD that they would not be paid for service provided. The City was experiencing the same concerns from its vendors. To insure that both the City's and DWSD's vendors were provided consistent information, a meeting was scheduled with the City and its counsel and DWSD and its counsel. During the meeting, the Firm was asked to draft a generic

letter that could be sent to vendors that DWSD intended to have an ongoing relationship with which would assure them that payment would continue to be made in the ordinary course on normal credit terms ("adequate assurance letter"). After the letter was drafted and approved by DWSD, the Firm obtained approval of the letter from the City.

DWSD learned that new vendors were also expressing concerns about not being paid for services. DWSD requested that the Firm draft a generic letter that could be provided to new vendors to provide assurance of payment for services in the ordinary course and on normal credit terms during the pendency of the bankruptcy case. After receiving approval of the letter from DWSD, the Firm worked with counsel for the City to obtain approval of the letter from the City.

During the time period covered by the attached invoice, the Firm also fielded calls from DWSD's vendors and answered questions about payment and operations during the pendency of the bankruptcy case.

#### **Contract Assumption/Rejection**

Section 365 of United States Bankruptcy Code permits DWSD to assume or reject executory contracts and unexpired leases. DWSD requested that the Firm assist in determining what contracts to assume or reject and monitor the progress of the process. During the time period covered by the attached invoice, the Firm prepared for and participated in a conference call with DWSD and Ernst & Young, accountants for the City of Detroit, to discuss compiling all of the DWSD's contacts to determine what contracts would be assumed or rejected.

#### **U.S. Bank**

U.S. Bank is the Trustee for the water and sewer bonds. DWSD requested the Firm's assistance with examining due diligence and fee requests made by U.S. Bank under the Trust Indenture. During the time period covered by the attached invoice, the Firm became acclimated with covenants included in the Trust Indenture.

#### **Case Status Updates**

As bankruptcy counsel for DWSD, the Firm is expected to keep DWSD apprised of the status of the City of Detroit's bankruptcy case. To do so, the Firm provides both verbal and written case status updates to DWSD. The legal services billed under the Case Status Updates category include the verbal and written status updates provided to DWSD by the Firm during the time period covered by the proposed invoice. Notably, the Firm attended a BOWC meeting to

explain Chapter 9 bankruptcy and to provide an update on the status of the City of Detroit's bankruptcy case.

### **Alternative Structures**

Legal services billed under the Alternative Structures category relate to investigation and implementation of an array of potential structures for DWSD designed to maximize the value of DWSD to the City of Detroit after the City exits bankruptcy. During the time period covered by the attached invoice, the Firm prepared for and attended a meeting with Oakland, Macomb, and Wayne Counties and the City's professionals regarding spinning off DWSD into a regional water and sewer authority. In preparation for the meeting, the Firm reviewed and provided comment on a proposed term sheet for the transaction that was prepared by Jones Day, restructuring counsel for the City of Detroit. The Firm also prepared for and attended a meeting with Miller Canfield, counsel for the City of Detroit to discuss the logistics of the creation of a regional water and sewer authority.

### **Hearings**

In addition to providing case status updates, the Firm attends hearings in the City of Detroit's bankruptcy case to be able to provide DWSD with appropriate updates on the status of the City's bankruptcy case. The fees included under the Hearings category consist of time spent at hearings in the City of Detroit's bankruptcy case. During the time period covered by the attached invoice, the Firm attended the initial status conference and hearing on the Motion to Confirm the Automatic Stay and the Motion to Extend the Automatic Stay in the case on July 24, 2013. The Firm also attended the August 2, 2013 and August 28, 2013 status conferences.

Kilpatrick & Associates, P.C.  
Attorneys and Counselors at Law  
903 North Opdyke Road, Suite C  
Auburn Hills, MI 48326

Phone: (248) 377-0700

Fax: (248) 377-0800

City of Detroit Water & Sewerage Dept.  
William Wolfson  
735 Randolph Street  
Detroit, MI 48226

12/16/2013

Regarding: **Detroit Water & Sewerage Dept.**  
Case Number:  
Account Number: **LS-1604**  
Invoice Number: **90865**

**Services Rendered**

Date	Staff	Description	Hours	Rate	Charges
<b>Alternative Structures</b>					
9/03/2013	RIK	Review of emails from W. Wolfson and co-counsel regarding draft Lease and Articles of Incorporation	0.40	\$200.00	\$80.00
9/04/2013	RIK	Review of draft Lease	1.20	\$200.00	\$240.00
9/04/2013	RIK	Conference call with W. Wolfson, S. McCormick and Dykema regarding proposed Lease	2.10	\$200.00	\$420.00
9/04/2013	RIK	Review and response to emails from W. Wolfson and co-counsel regarding Lease and Articles	0.30	\$200.00	\$60.00
9/04/2013	RIK	Review of additional information from A. Fillingham regarding potential issues with Regional Authority structure	0.70	\$200.00	\$140.00
9/04/2013	RIK	Review of revised draft Lease from B. Sedlak - Draft for meeting	0.80	\$200.00	\$160.00
9/04/2013	SMK	Review of draft Lease	0.50	\$150.00	\$75.00

Date	Initials	Description	Hours	Rate	Amount
9/04/2013	SMK	Review of executive briefing paper prepared by Dykema regarding potential issues with Regional Authority structure	0.30	\$150.00	\$45.00
9/04/2013	SMK	Conference call with W. Wolfson, S. McCormick, and Dykema regarding proposed Lease	2.10	\$150.00	\$315.00
9/05/2013	RIK	Review of proposed Articles of Incorporation for proposed regional authority	0.70	\$200.00	\$140.00
9/05/2013	RIK	Review of W. Wolfson's comments on proposed Articles of Incorporation	0.50	\$200.00	\$100.00
9/05/2013	RIK	Conference call on proposed Articles of Incorporation with W. Wolfson, S. McCormick, and Dykema	1.00	\$200.00	\$200.00
9/05/2013	SMK	Review of revisions made to Lease by Jones Day after receiving of DWSD's comments	0.50	\$150.00	\$75.00
9/05/2013	SMK	Review of proposed Articles of Incorporation for proposed Regional Authority	0.40	\$150.00	\$60.00
9/06/2013	RIK	Attendance at meeting with Counties and EM Professionals - meeting with client thereafter	1.40	\$200.00	\$280.00
9/06/2013	RIK	Final review of lease, articles and timeline to prepare for meeting	0.50	\$200.00	\$100.00
9/06/2013	SMK	Attended meeting with Counties and City's professionals- meeting with client thereafter	1.40	\$150.00	\$210.00
9/09/2013	RIK	Telephone conversation with R. McDowell - ratifications of potential sale of DWSD	0.30	\$200.00	\$60.00
9/11/2013	RIK	Participation in meeting with W. Wolfson, Dykema, and Miller Canfield	2.60	\$200.00	\$520.00
9/12/2013	RIK	Review and response to emails - client and co-counsel regarding proposal to split water and sewer functions	0.30	\$200.00	\$60.00

9/12/2013	RIK	Review of proposal to split water and sewer functions prepared by Macomb County	0.30	\$200.00	\$60.00
9/16/2013	RIK	Review of email and response to W. Wolfson to proposed to split water and sewer functions - Preparation and transmittal of comments	0.60	\$200.00	\$120.00
9/16/2013	RIK	Review of emails from co-counsel and client regarding proposal to split water and sewer functions	0.20	\$200.00	\$40.00
9/17/2013	RIK	Review of email from W. Wolfson and response to proposal to split water and sewer functions	0.40	\$200.00	\$80.00
9/23/2013	RIK	Receipt and review of emails from W. Wolfson regarding BOWC meeting	0.20	\$200.00	\$40.00
9/26/2013	RIK	Review of emails from client regarding BOWC meeting scheduled for 9/30/13	0.30	\$200.00	\$60.00
9/26/2013	RIK	Telephone conversation with W. Wolfson regarding BOWC meeting scheduled for 9/30/13	0.20	\$200.00	\$40.00
9/27/2013	RIK	Telephone conversation with W. Wolfson - prepare for BOWC meeting	0.20	\$200.00	\$40.00
9/27/2013	RIK	Review of emails regarding BOWC meeting on 9/30/13	0.20	\$200.00	\$40.00
9/30/2013	RIK	Attendance at BOWC meeting	2.80	\$200.00	\$560.00
9/30/2013	RIK	Review of revised Articles and Lease	0.80	\$200.00	\$160.00
9/30/2013	RIK	Review of email and attachment - prepare for BOWC meeting	0.30	\$200.00	\$60.00
Sub Total: Alternative Structures					\$4,640.00

**Contract Assumption/Rejection**

9/12/2013	SMK	Review of list of open and active contracts provided by N. Bateson	0.30	\$150.00	\$45.00
-----------	-----	--------------------------------------------------------------------	------	----------	---------

**Case Status Updates**

9/03/2013	SMK	Review of all relevant pleadings filed during the week of August 26, 2013 and prepared a summary of the status of the bankruptcy case for W. Wolfson	1.20	\$150.00	\$180.00
-----------	-----	------------------------------------------------------------------------------------------------------------------------------------------------------	------	----------	----------

9/17/2013	SMK	Review of docket from September 2, 2013 to present and pleadings filed from September 2, 2013 to present in the City's bankruptcy case and prepared a summary of the relevant pleadings and hearing on September 10, 2013 for W. Wolfson	2.20	\$150.00	\$330.00
-----------	-----	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------	----------	----------

9/20/2013	SMK	E-mail pleadings summary to W. Wolfson	0.10	\$150.00	\$15.00
-----------	-----	----------------------------------------	------	----------	---------

9/30/2013	SMK	Draft summary of Opinion and Order Denying Motion to Stay Proceedings Pending Determination of Motion to Withdraw the Reference for W. Wolfson	1.50	\$150.00	\$225.00
-----------	-----	------------------------------------------------------------------------------------------------------------------------------------------------	------	----------	----------

Sub Total: Case Status Updates

\$750.00**General and Admin**

9/06/2013	RIK	Review of docket	0.20	\$200.00	\$40.00
-----------	-----	------------------	------	----------	---------

9/09/2013	RIK	Review of docket	0.20	\$200.00	\$40.00
-----------	-----	------------------	------	----------	---------

9/12/2013	RIK	Review of docket	0.20	\$200.00	\$40.00
-----------	-----	------------------	------	----------	---------

9/16/2013	RIK	Review of Motion to Withdraw Reference and Objections to Eligibility filed by Retiree's Committee	0.80	\$200.00	\$160.00
-----------	-----	---------------------------------------------------------------------------------------------------	------	----------	----------

9/23/2013	RIK	Review of docket	0.20	\$200.00	\$40.00
-----------	-----	------------------	------	----------	---------

9/26/2013	RIK	Review of Opinion and Order Denying Motion to Stay Proceedings Pending Determination of Motion to Withdraw the Reference	0.80	\$200.00	\$160.00
9/30/2013	SMK	Review of docket and Opinion and Order Denying Motion to Stay Proceedings Pending Determination of Motion to Withdraw the Reference	0.70	\$150.00	\$105.00
9/30/2013	RIK	Review of Emergency Manager's Interim Report	1.00	\$200.00	\$200.00
Sub Total: General and Admin					\$785.00
<b>Hearings</b>					
9/10/2013	SMK	Attended hearing on Discovery Motions	3.50	\$150.00	\$525.00
<b>Operations</b>					
9/13/2013	RIK	Review of email [REDACTED] [REDACTED] - Office conference with S. Kaminski for clarification	0.30	\$200.00	\$60.00
9/13/2013	RIK	Telephone conversation with W. Wolfson - [REDACTED]	0.20	\$200.00	\$40.00
9/13/2013	RIK	Conference call with G. Watkins [REDACTED] [REDACTED]	0.50	\$200.00	\$100.00
9/13/2013	SMK	Conference call with G. Watkins [REDACTED] [REDACTED]	0.50	\$150.00	\$75.00
9/13/2013	SMK	Office conference with R. Kilpatrick regarding e-mail from G. Watkins [REDACTED] [REDACTED]	0.10	\$150.00	\$15.00
9/13/2013	SMK	E-mail summary of conference call [REDACTED] [REDACTED] to W. Wolfson	0.10	\$150.00	\$15.00

Date	Initials	Description	Hours	Rate	Amount
9/13/2013	SMK	Prepare summary of conference call [REDACTED] [REDACTED] for W. Wolfson	0.40	\$150.00	\$60.00
9/13/2013	SMK	Receipt of e-mail from G. Watkins [REDACTED] [REDACTED] [REDACTED]	0.10	\$150.00	\$15.00
9/16/2013	SMK	Review of Cobo Agreement provided by G. Watkins [REDACTED] [REDACTED]	0.10	\$150.00	\$15.00
9/16/2013	SMK	Attended meeting with Gary Watkins [REDACTED] [REDACTED] [REDACTED]	3.70	\$150.00	\$555.00
9/17/2013	SMK	Telephone conversation with Ben Pickering at Ernst & Young [REDACTED] [REDACTED] [REDACTED]	0.20	\$150.00	\$30.00
9/17/2013	SMK	E-mail list of City of Detroit's water and sewer account to Ben Pickering of Ernst & Young for review	0.10	\$150.00	\$15.00
9/18/2013	SMK	E-mail list of documents requested by Ben Pickering of Ernst & Young to G. Watkins, T. Redden, and J. Clinkscales	0.10	\$150.00	\$15.00
9/18/2013	SMK	Receipt of e-mail from G. Watkins providing some of the information requested by Ben Pickering of Ernst & Young- Forwarded information to Ben Pickering	0.10	\$150.00	\$15.00
9/18/2013	SMK	Telephone conversation with Ben Pickering of Ernst & Young [REDACTED] [REDACTED] [REDACTED]	0.60	\$150.00	\$90.00
9/24/2013	SMK	E-mail to Ben Pickering at Ernst & Young [REDACTED] [REDACTED]	0.10	\$150.00	\$15.00
9/26/2013	SMK	Telephone conversation with Ben Pickering of Ernst & Young [REDACTED]	0.10	\$150.00	\$15.00

9/26/2013	SMK	E-mail to [REDACTED] W. Wolfson [REDACTED] [REDACTED]	0.10	\$150.00	\$15.00
Sub Total: Operations					\$1,160.00
<b>Vendor Issues</b>					
9/09/2013	SMK	Telephone conversation with N. Bateson regarding disconnected telephone line at Process Control Systems	0.10	\$150.00	\$15.00
9/09/2013	RIK	Review of email regarding disconnected telephone lines at Process Control Systems - Office conference with S. Kaminski	0.30	\$200.00	\$60.00
9/09/2013	SMK	Telephone conversation with James Grudus, General Counsel for AT&T, regarding remedying disconnect of telephone line at Process Control Systems	0.30	\$150.00	\$45.00
9/09/2013	SMK	Office conference with R. Kilpatrick regarding disconnected telephone line at Process Control Systems	0.20	\$150.00	\$30.00
9/09/2013	SMK	Review of e-mail from N. Bateson regarding AT&T Invoice consolidation process and documents attached to e-mail	0.20	\$150.00	\$30.00
9/09/2013	SMK	E-mail to W. Wolfson to provide status update on disconnected telephone line at Process Control Systems	0.10	\$150.00	\$15.00
9/09/2013	SMK	E-mail to James Grudus, General Counsel for AT&T, to provide list of accounts and disconnect notices	0.10	\$150.00	\$15.00
9/09/2013	SMK	E-mail from Anil Gosine, Process Control Systems Administrator, confirming telephone line is reconnected	0.10	\$150.00	\$15.00
9/09/2013	SMK	Receipt of e-mail from N. Bateson advising that the telephone line at Process Control Systems was	0.10	\$150.00	\$15.00

9/09/2013	SMK	E-mail list of outstanding AT&T invoices to T. Hoffman	0.10	\$150.00	\$15.00
9/09/2013	SMK	Review of list of AT&T accounts and outstanding AT&T invoices provided by N. Bateson	0.20	\$150.00	\$30.00
9/25/2013	RIK	Review of emails from client regarding AT&T network replacement contract holdup	0.30	\$200.00	\$60.00
9/25/2013	SMK	Review of e-mails from client regarding AT&T network replacement contract holdup	0.30	\$150.00	\$45.00
9/26/2013	SMK	Telephone conversation with T. Hoffman to follow up on the status of payment to AT&T	0.10	\$150.00	\$15.00
9/30/2013	SMK	Telephone conversation with Dan Rainey regarding AT&T contract holdup	0.20	\$150.00	\$30.00
9/30/2013	SMK	E-mail to N. Bateson to provide status update on payment to AT&T	0.10	\$150.00	\$15.00
9/30/2013	SMK	Telephone conversation with James Grudus, General Counsel for AT&T, regarding moving forward with network replacement contract	0.10	\$150.00	\$15.00
Sub Total: Vendor Issues					\$465.00
				Total Fees	\$8,370.00

**Expenses**

Start Date	Description	Quantity	Price	Charges
9/30/2013	PACER charges for retrieval of pleadings in City's bankruptcy case	1.00	\$61.60	\$61.60
Total Expenses				\$81.60
Total New Charges				\$8,431.60
Previous Balance				\$45,011.65
Balance Due				\$53,443.25

**Phase Table**

Phase	Hours	Rate	Charges
Alternative Structures	5.20	150.00	\$780.00
Alternative Structures	19.30	200.00	\$3,860.00
Contract Assumption/Rejection	0.30	150.00	\$45.00
Case Status Updates	5.00	150.00	\$750.00
Vendor Issues	0.00	0.00	\$61.60
Fee Review	0.00	0.00	\$0.00
General and Admin	0.70	150.00	\$105.00
General and Admin	3.40	200.00	\$680.00
Hearings	3.50	150.00	\$525.00
Operations	6.40	150.00	\$960.00
Operations	1.00	200.00	\$200.00
U.S. Bank	0.00	0.00	\$0.00
Vendor Issues	2.30	150.00	\$345.00
Vendor Issues	0.60	200.00	\$120.00

**Staff Summary**

Name	Hours	Rate
Richardo I Kilpatrick	24.30	\$200.00
Shanna M Kaminski	23.40	\$150.00