REQUEST FOR INFORMATION

For Potential Operators of

Detroit Water and Sewage Disposal Systems for Detroit Water and Sewerage Department ("DWSD")

Issued By:
The City of Detroit
Kevyn D. Orr, Emergency Manager

Any person or entity that may wish to bid to operate and manage the Systems must submit an initial response as described herein on or before April 7, 2014

Table of Contents

Section 1 - Overview of Process	Page 3
Section 2 - Description of System Assets	Page 4
Section 3 - RFI Submission Requirements	Page 13
Section 4 – Appendix	Page 21

Section 1 – Overview of Process

The Emergency Manager ("EM") of the City of Detroit ("Detroit" or the "City") is considering a potential public-private partnership of the operation and management of the City's Water and Sewage Disposal Systems ("Systems") currently operated by the Detroit Water and Sewerage Department ("DWSD"). The transaction could take the form of an operating and management agreement (the "Transaction") and would be effectuated in conjunction with the City's chapter 9 Plan of Adjustment. The Transaction must include a commitment to limit rate increases to no more than 4% per year for the first 10 years.

The EM will also consider responses that contemplate alternative transaction structures, such as a long-term lease and concession arrangement or sale, that meet the bid criteria incorporated herein, while maximizing the value to the City, maintaining or enhancing the Systems' operational viability and capital needs, and complying with applicable law.

The purpose of this request for information ("RFI") is to provide third parties interested in pursuing a Transaction ("Prospective Responders") an opportunity to submit qualifications and a non-binding indication of interest ("Offer").

Upon review of Offers submitted, the EM, in consultation with the City's Financial Advisor, Miller Buckfire, will select a limited number of parties ("Qualified Responders") to proceed to the next phase of the Transaction process to conduct further due diligence on the Systems. Qualified Responders will receive access to additional information concerning the Systems. In determining the Qualified Responders, the EM will take into account, among other things, the value of the Offer, the contemplated transaction structure, the Responder's experience and capacity to implement the Transaction, and the Responder's ability to expeditiously close a Transaction.

Qualified Responders will have the opportunity to: (i) conduct due diligence on the Systems' facilities and financial information through, subject to security clearances and regulations, applicable tours and additional inspections by Qualified Responder representatives, and presentations and meetings with current DWSD officers; and (ii) review and discuss its proposed Transaction for the operation and management of the Systems. Following this process, final and binding proposals will be submitted to the City by June 1, 2014.

The EM reserves the right to determine in his sole discretion whether any Prospective Responder is selected as a Qualified Responder. The EM reserves the right to modify or terminate this RFI process at any stage if the EM determines such action to be in the City's best interests. The receipt of responses, Offers or other documents at any stage of the RFI process will in no way obligate the EM or the City to enter into any contract at any time with any party. Neither the EM nor the City will be responsible in any manner for the costs associated with the submission of any responses or Offers in connection with this RFI or any subsequent procurement. The EM reserves the right to reject any and all responses or Offers, irrespective of whether any such response or Offer is the only response or Offer received or one of a number of responses or Offers representing the most favorable transaction terms. Prospective Responders who fail to respond to this RFI or whose submissions in response to this RFI are deemed unqualified cannot participate further in the process.

Section 2 - Description of System Assets

The City owns and operates DWSD, which serves residential, commercial, governmental, institutional and industrial customers within the City and over 125 suburban communities. Customer entities served by DWSD are located in Wayne, Oakland, Macomb, St. Clair, Genesee, Washtenaw and Monroe Counties.

DWSD operates out of its own 23-story high-rise in downtown Detroit. Situated between Randolph, Farmer and Bates streets, the building was erected in 1928 by architect Louis Kamper. Although several city departments have occupied space in the upper floors over the past century, DWSD has been the sole occupant of the building since 1990.

2.1 Detroit Water System

DWSD's Water System supplies a 1,079-square-mile region serving approximately 40% of the State of Michigan's (the "State") population. The System's water network consists of 3,438 miles of transmission and distribution mains within Detroit and 403 miles of transmission mains in the remaining service areas.

In 2012, DWSD exhibited operating margins of 22% for the Water System. Also in fiscal 2012, DWSD initiated a performance benchmarking program to evaluate financial conditions and establish realistic goals. The Water System's fiscal year 2012 current ratio was 1.90.

Water System Historical Revenues ($MM)

Operating Revenues	2007	2008	2009	2010	2011	2012
Water Sales - Detroit	$57.9	$74.4	$65.4	$70.0	$74.8	$71.5
Water Sales - Suburban	208.0	216.9	206.3	210.7	237.1	258.6
Other	2.3	1.7	2.5	4.8	4.1	6.0
Total Operating Revenue	**$268.3**	**$293.0**	**$274.1**	**$285.5**	**$316.0**	**$336.1**
Operation & Maintenance Expense[1]	(146.3)	(141.4)	(149.9)	(146.6)	(146.9)	(165.1)
Net Operating Revenues	**$122.0**	**$151.6**	**$124.2**	**$138.9**	**$169.1**	**$171.0**

Source: DWSD Offering Memorandum dated December 20, 2011; Audited Financial Statements for the period ended June 30, 2012

(1) Excludes OPEB and other "non-cash" items that do not impact net revenues for debt service

The main water supply sources are the Detroit River, to the south, and Lake Huron, to the north. Both of these water sources are part of the Great Lakes System, one of the largest sources of fresh water in the world. DWSD's five water treatment plants include: the Lake Huron Water Treatment Plant, the Northeast Water Treatment Plant, the Southwest Water Treatment Plant, the Springwells Water Treatment Plant and the Water Works Park. Hardness levels for treated drinking water vary depending on the time of the year, averaging 105 parts per million or 6.1 grains per gallon.

- The Lake Huron Water Treatment Plant began full-scale operations in 1974. The Lake Huron plant is located at 3993 Metcalf Road in Fort Gratiot, Michigan. This plant was designed to be easily expandable to meet the needs of growing populations in the communities it serves to the north of Detroit. The plant has a current pumping capacity of 400 million gallons per day (MGD).

- The Northeast Water Treatment Plant, at 11000 E. Eight Mile Road in Detroit, was part of a $52 million expansion program, which included transmission mains, a reservoir and booster station. Dedicated in 1956, the plant was built to meet the needs of suburban communities located north of the city and has a current pumping capacity of 300 MGD.

Water Treatment Plants

Plant	Placed in Operation	Rated Capacity (MGD)
Lake Huron	1974	400
Southwest[1]	1964	240
Northeast[2]	1956	300
Springwells[3]	1931/1959	540
Water Works Park[4]	2003	240

Source: DWSD Offering Memorandum dated December 20, 2011

(1) Installed capacity. MDEQ approved 160 MGD
(2) Installed capacity. MDEQ approved 190 MGD
(3) A major addition was completed in 1959, doubling the capacity of such water treatment plant
(4) Current plant capacity. Expandable to 320 MGD

- The Southwest Water Treatment Plant became operational in 1964. Located at 14700 Moran Road in Allen Park, the plant was constructed at a cost of $18 million by the Wayne County Road Commission. It was acquired by the City of Detroit in a lease-purchase agreement as part of a consolidation of water services in southeast Michigan. The plant has a current pumping capacity of 240 MGD, but it currently operates at an MDEQ approved capacity of 160 MGD.

- The Springwells Water Treatment Plant at 8300 W. Warren Avenue in Dearborn became the operational in 1931. The plant's $30 million estimated construction cost was approved by the Board of Water Commissioners in 1924. At the time of its dedication in 1935 it was the largest water treatment facility in the world. The facility later went under a major addition in 1959 to double its capacity.

Water Sales & Non-Revenue Water (Mcf)

	Water Sales			Total Water Produced
	Suburban Wholesale	Detroit Retail	Total	
2007	18,417,900	4,927,000	23,344,900	28,063,000
2008	18,405,500	4,145,500	22,551,000	29,360,700
2009	16,682,100	4,138,100	20,820,200	27,180,700
2010	15,676,300	3,924,000	19,600,300	25,142,700
2011	16,094,683	4,176,600	20,271,283	26,513,000

Source: DWSD Offering Memorandum dated December 20, 2011

- The Water Works Park is the Water System's newest water treatment plant and is located at 10100 E. Jefferson Ave. in Detroit. Water Works Park is the largest plant in Michigan to use ozone. A $35 million expansion program increased the plant's pumping capacity to 320 MGD. Today, the plant operates at a capacity of 240 MGD.

- The Water System also includes a number of other real and personal property assets, including vehicle fleets, lifts, pumping stations, service yards and other assets,

Historic Water Rates

Rates (as of July 1)	Retail Detroit[1]	Average Wholesale
2002	$10.69	$8.48
2003	11.65	9.25
2004	12.58	10.20
2005	12.63	10.61
2006	12.69	11.24
2007	13.56	11.81
2008	14.42	12.86
2009	15.17	13.68
2010	16.59	14.43
2011	18.09	15.72

Source: DWSD Offering Memorandum dated December 20, 2011

(1) Reflects rate charged to first 3,000 cubic feet per month

Suburban customers receive the same water treatment provided to Detroit Retail Customers. However, these customers' municipalities operate additional facilities to bring these services to their homes. DWSD provides and bills Detroit retail customers on an individual basis, while the System provides services to and bills wholesale suburban

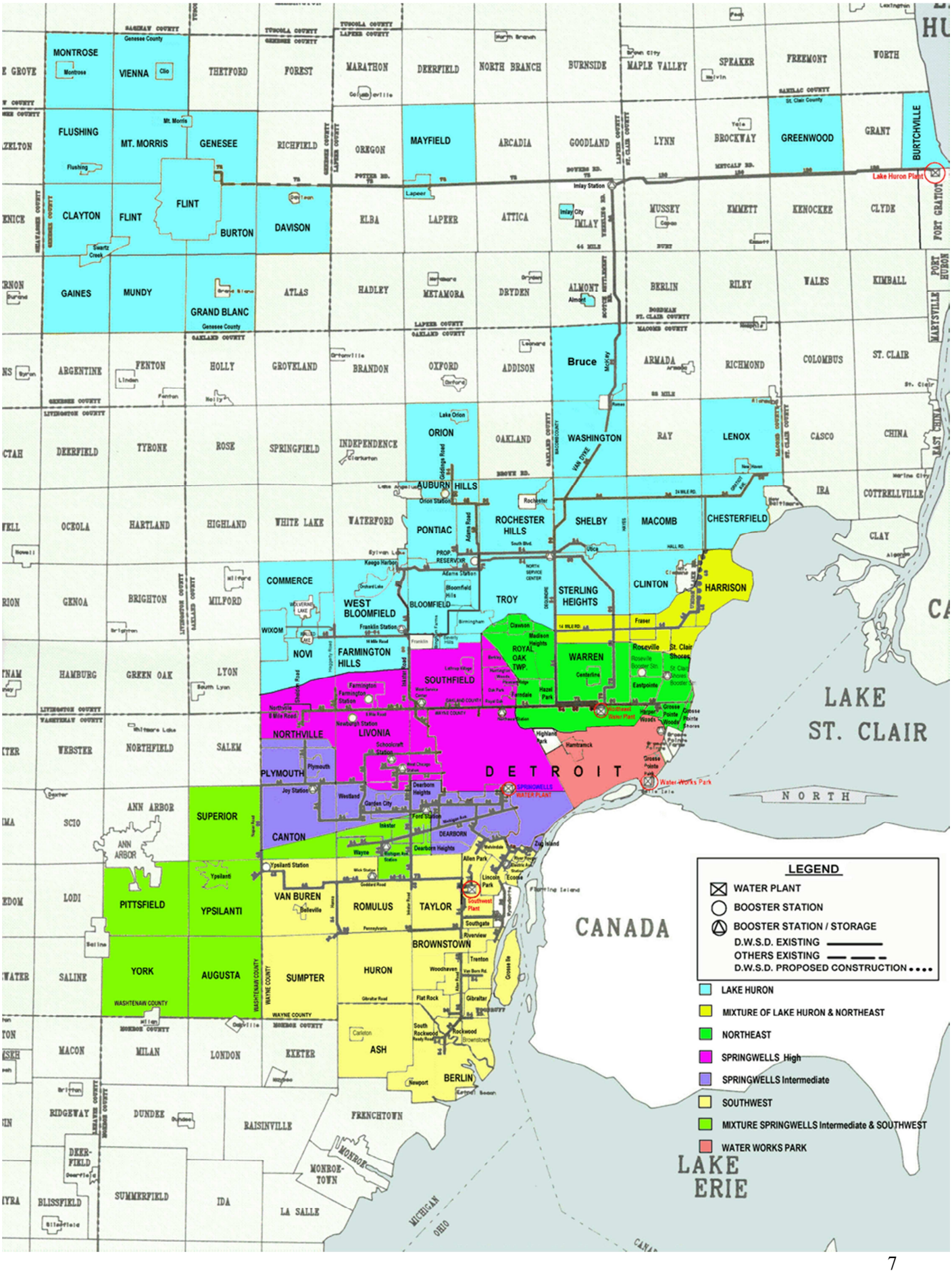
customers at a municipal-level.

In 2013, the EM hired a team of independent engineers led by OHM Advisors to prepare an independent Capital Improvement Program ("CIP") for the Water System (together with the independent CIP for the Sewer System, the "OHM Report"). This report was released in conjunction with a 10-year business plan prepared by Conway MacKenzie. The OHM Report and a revised version of the business plan can be found in the Appendix to this document. The OHM Report focuses on maintaining the quality of water provided to customers, improving Water System reliability by replacing aging infrastructure to reduce the growing incidence of main breaks, ensuring environmental protection for all customers through upgraded infrastructure, improving employee safety through System modifications and increasing efficiency of services to all customers by taking advantage of new technologies. Major projects in the CIP include: replacement of aging water mains and rehabilitation and/or upgrades to water treatment plants, pumping stations and reservoirs. In addition to the OHM Report, DWSD has adopted a 5-year CIP for the Water System.

Water System Capital Improvement Projections ($MM)					
	2014	2015	2016	2017	2018
Total Water System CIP	**$137.5**	**$137.5**	**$144.4**	**$144.4**	**$132.8**

Source: Conway Mackenzie presentation dated October 2, 2013

DETROIT WATER SYSTEM MAP



2.2 Detroit Sewer System

DWSD's Sewage Disposal System (the "Sewer System") covers a 946-square-mile area that encompasses 35 percent of Michigan's population in Detroit and 76 neighboring communities. The Sewer System originated in 1836 and today consists of 10 pump stations, six combined sewer overflow (CSO) retention treatment basins (RTBs), three screening and disinfection facilities and a total of 3,433 miles of sewer lines that carry rainwater and wastewater to the Wastewater Treatment Plant.

As a result of litigation filed by the US Environmental Protection Agency stemming from violations under the Clean Water Act and the Sewage Disposal System's discharge permit, the System operated under the oversight of the Federal District Court of the Eastern District of Michigan (Case No. 2:77-cv-71100 SFC) from 1977 until March 2013. During this period, in addition to taking required steps designed to bring the System into compliance with its discharge permit, as required by a series of Court orders the Department made a number of changes to the manner in which it manages, governs and operates the System. The Board of Water Commissioners was reconstituted to include four City residents and representatives from each of Wayne, Oakland and Macomb Counties all with relevant professional qualifications and a Root Cause Committee was appointed to study barriers to long-term compliance. As recommended by the Root Cause Committee and ordered by the Federal District Court, the Department and its Board of Water Commissioners were granted operational autonomy in human resources, procurement, finance, and law. The Court's orders granted the Department and its Board the authority to establish wholesale (suburban) customer rates, approve retail (Detroit) revenue requirements and recommend a retail rate structure based upon those requirements, enter into Collective Bargaining Agreements without further approvals, establish and maintain its own IT systems, establish independent bank accounts in its own name, and issue debt supported by system revenues without further approvals. The Court's March 2013 order was appealed by the City (Docket No.2532). In a separate appeal previously filed by certain labor unions, the U.S. Sixth Circuit Court of Appeals remanded the case to the District Court for reconsideration of limited grant of intervention. (712 F.3d 925 April 8, 2013) Both the City's appeal and the District Court's consideration of the union claims on remand are stayed as a result of the City's chapter 9 bankruptcy.

In 2012, DWSD exhibited operating margins of 20% for the Sewer System. Also in fiscal 2012, DWSD initiated a performance benchmarking program to evaluate financial condition and establish realistic goals. The Sewer System's 2012 fiscal year current ratio was 2.21.

Sewer System Historical Revenues ($MM)						
	2007	2008	2009	2010[1]	2011[2]	2012
Operating Revenues						
Sewer Retail Billings[3]	$130.6	$136.0	$162.8	$168.0	$188.9	$186.6
Sewer Wholesale Billings[3]	192.0	201.7	219.6	187.9	213.9	242.8
Subtotal	**$322.6**	**$337.7**	**$382.5**	**$355.9**	**$402.8**	**$429.3**
Other	24.3	9.2	7.7	9.7	7.9	8.3
Total Operating Revenue	**$346.9**	**$346.9**	**$390.1**	**$365.6**	**$410.7**	**$437.7**
Operation & Maintenance Expense[4]	(200.0)	(202.3)	(195.5)	(197.3)	(230.8)	(217.0)
Net Operating Revenues	**$147.0**	**$144.6**	**$194.6**	**$168.3**	**$179.9**	**$220.6**

Source: DWSD Offering Memorandum dated June 20, 2012; Audited Financial Statements for the period ended June 30, 2012

(1) Fiscal Year 2010 Revenue includes Fiscal Year 2007 look-back adjustment

(2) Fiscal Year 2011 Revenue includes $20 million in initial allotment of look-back adjustments for Fiscal Years 2008 through 2010

(3) Net of Bad Debt Expense

(4) Excludes OPEB and other elements that do not impact net revenues for the purpose of debt service calculations

The Sewer System includes the Wastewater Treatment Plant, located at 9300 W. Jefferson Avenue in Detroit, is one of the largest single-site wastewater treatment facilities in the United States. The treatment plant was originally designed to provide primary treatment (screening of solids and chlorination) for the wastewater generated by 2.4 million people and, with modifications, as many as 4.0 million people. The plant's service area in 1940 included Detroit and 11 nearby suburban communities. Secondary treatment (more rigorous screening and treating and disinfection of biodegradable solids to produce a cleaner effluent) was introduced in the 1960s. The Wastewater Treatment Plant continues to be the recipient of continual upgrades in order to ensure it is capable of staying abreast of ever more stringent regulatory standards. In 1999, the Michigan section of the American Society of Civil Engineers named the Wastewater Treatment Plant one of the top 10 engineering projects of the 20th century.

Screening & CSO Facilities		
Plant	Type of Facility	Placed in Operation
Baby Creek	Screening & Disinfection	2006
Lieb	Screening & Disinfection	2002
St. Aubin	Screening & Disinfection	2002
Belle Isle	CSO RTB	2008
Connor Creek	CSO RTB	2005
Hubbell-Southfield	CSO RTB	2000
Oakwood	CSO RTB	2012
Puritan-Fenkell	CSO RTB	1999
Seven Mile	CSO RTB	1999

Source: DWSD Offering Memorandum dated June 20, 2012

The Wastewater System's three screening and disinfection facilities are the Baby Creek, Leib and St. Aubin Screening and Disinfection Facilities.

- The Baby Creek facility uses fine screens and disinfection to treat combined sewage flows that pass through it. It is located at Miller and Industrial Drive in southwest Detroit at the city limit shared with Dearborn. The facility is rated for 5,100 cubic feet per second (cfs). The site area includes the Woodmere Pumping Station that services a 450-acre portion of the Baby Creek tributary area.

- The Leib facility was constructed to address a large outfall on the Detroit River and to demonstrate the effectiveness of fine screening (horizontal and vertical) in combination with 10 minutes of disinfection time for the design flow to meet protection of public health standards. High-energy mixers are used to mix sodium hypochlorite to maximize bacterial kill and minimize discharge of residual chlorine to the Detroit River. The facility can treat a flow rate of up to 1,500 cfs. It began operation in 2002 and successfully achieved the

required treatment levels during the demonstration period.

Treated and Billed Wastewater Volumes (Million Cubic Feet)

	Billed Volume			Annual
	Suburban Wholesale	Detroit Retail	Total	Wastewater Treated
2007	15,707,500	4,331,200	20,038,700	32,725,000
2008	15,266,300	3,716,300	18,982,600	33,233,000
2009	16,469,400	3,956,900	20,426,300	35,452,100
2010	13,448,300	3,622,700	17,071,000	30,185,100
2011	15,065,800	3,743,100	18,808,900	34,476,200

Source: DWSD Offering Memorandum dated June 20, 2012

- The St. Aubin facility was undertaken at the same time as the Leib facility; it uses the same technology but utilizes a different type of screen. While St. Aubin is much smaller, with about one fifth of the treatment capacity of Leib, it is important in addressing water quality along Chene Park that frequently hosts concerts and other events. This facility has operated successfully since 2002.

The System's six CSO RTBs include the Belle Isle, Conner Creek, Hubbell-Southfield, Oakwood, Puritan-Fenkell and Seven Mile combined sewer overflow retention treatment basins.

- The Belle Isle CSO RTB is the smallest CSO facility and was sized to provide 10 minutes of detention for the peak flow of the 10-year, 1-hour storm. Located on Belle Isle along the Detroit River, this RTB has a storage capacity of 300,000 gallons. It eliminated one untreated CSO outfall and has been operational since March 2008.

- Detroit's largest CSO facility, the Conner Creek CSO RTB, eliminated three outfalls and has dramatically improved water quality in Conner Creek and the Detroit River since going into operation in November 2005. This facility provides 62 million gallons of total storage, with 30 million gallons in the retention treatment basin and 32 million gallons in upstream structures. High-speed mixers are used to rapidly disinfect flows and achieve the required fecal coliform limits. This facility was sized to provide 5 minutes of detention for settling and disinfection for the peak flow from the 10-year, 1-hour storm.

- The Hubbell-Southfield CSO RTB is one of DWSD's most active, longest operating CSO facilities and the largest on the Rouge River. Since August 1999, it has been effectively capturing and treating combined sewage through screening, settling and disinfection to meet discharge permit requirements that protect public health. Sized to fit into the available land and site constraints, the basin has a 22 million gallon storage capacity. The facility is located next to the Tournament Players Championship Golf Course (TPC) in Dearborn and features innovative design components that enable three different operational modes and prevent resuspension of solids during large storms.

- Located on the lower portion of the Rouge River, immediately south of I-75, the 9-million-gallon Oakland RTB is designed to provide CSO treatment through storage plus fine screening and disinfection. This facility includes a major influent pumping station with capacity to pump 1,800 cfs.

- Located in Eliza Howell Park, the Puritan-Fenkell CSO RTB is the third Rouge River CSO RTB.

Change in Sewage Disposal Unit Cost

Implementation	Retail	Wholesale
7/1/2005	8.4%	3.0%
7/1/2006	11.9%	5.0%
7/1/2007	1.8%	2.5%
9/3/2008	14.8%	0.0%
7/1/2009	16.1%	8.2%
7/1/2010	10.2%	3.7%
7/1/2011	8.9%	11.8%
7/1/2012	6.5%	8.0%

Source: DWSD Offering Memorandum dated June 20, 2012

This facility successfully demonstrated that a facility sized to provide 20 minutes of detention time for settling and disinfection of the 1-year, 1-hour storm event peak flow is sufficient to meet protection of public health standards. The 2.8-million-gallon facility became operational in August 1999 and eliminated two untreated CSO outfalls.

- DWSD's Seven Mile CSO RTB was constructed at the same time as the Hubbell-Southfield and Puritan-Fenkell CSO RTBs with funding from the Rouge River National Wet Weather Demonstration Program. The RTB is located on the northeast corner of West Seven Mile Road and is sized to provide 30 minutes of detention time for settling and disinfection of the 1-year, 1-hour storm event peak flow. It has a 2.2 million gallon storage capacity.

- The Sewer System also includes a number of other real and personal property assets.

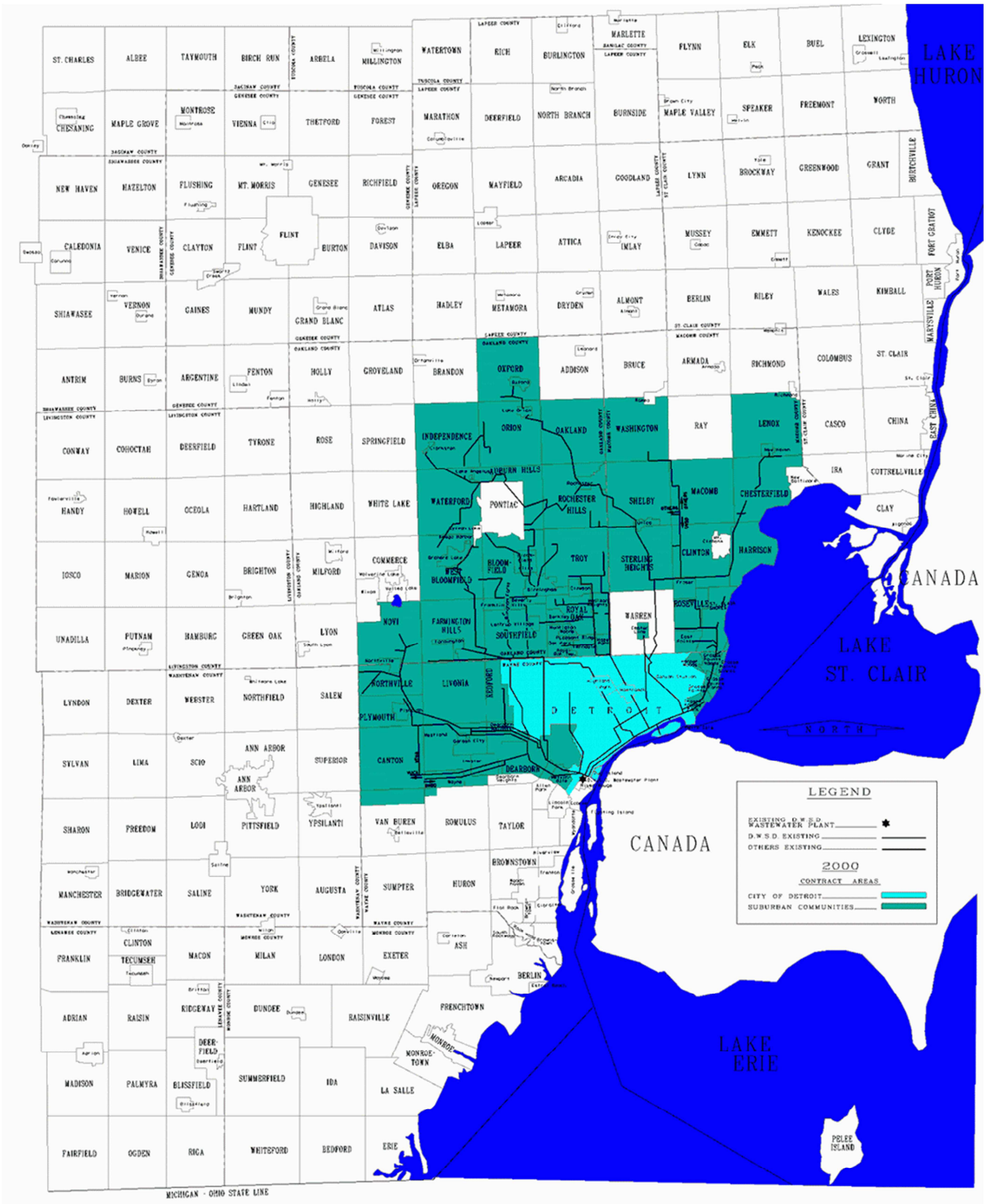
In 2013, the EM hired a team of independent engineers led by OHM Advisors to prepare an independent CIP for the Sewer System (together with the independent CIP for the Water System, the "OHM Report"). This report was released in conjunction with the 10-year business plan prepared by Conway MacKenzie. The OHM Report and a revised version of the business plan can be found in the Appendix to this document. The OHM Report includes upgrades to wastewater treatment plants; rehabilitation or replacement of sewer lines and outfall; and construction of combined sewer overflow control facilities to ensure that Sewer Systems effectively handle storm water flows and protect the environment. In addition to the OHM Report, DWSD has adopted a 5-year CIP for the Sewer System.

Sewer System Capital Improvement Projections ($MM)

	2014	2015	2016	2017	2018
Total Sewer CIP	**$160.2**	**$160.2**	**$140.0**	**$139.9**	**$96.5**

Source: Conway Mackenzie presentation dated October 2, 2013

DETROIT SEWER SYSTEM MAP



DETROIT WATER AND SEWERAGE DEPARTMENT
POLLUTION CONTROL SYSTEM
FOR THE
SOUTHEASTERN MICHIGAN METROPOLITAN AREA
2000

Section 3 – RFI Submission Requirements

3.1 Qualification Requirements and Evaluation Criteria

This RFI is open to Prospective Responders who seek to submit a response to operate and manage the Systems. Qualification of Responders to the final round will be based on a determination by the EM, in his sole discretion, that the Prospective Responder meets the requirements highlighted in this RFI. The EM will assess each respondent's qualifications in the areas of meeting bid conditions, team structure, and technical and financial capability. There will be no restriction as to the number of Prospective Responders that may qualify under this RFI. Certain Prospective Responders may find that forming a team with partners will enhance their ability to meet the requirements of this RFI. A team may consist of a prime/subcontractor relationship, a partnership or a joint venture, or any other arrangement that is legally binding under the laws of the State of Michigan. Any changes in the composition of a team after the qualification process is complete are subject to the prior consent of the EM.

The EM's evaluation will be based on the following criteria:

BID CONDITIONS

To qualify as a Qualified Responder, the Prospective Responder must submit a Response that provides assurances that it will:

1. Implement rates that meet state standards, with increases of no more than 4% per year for at least the first 10 years of operation, regardless of authorization or request, while providing for appropriate system maintenance and improvement and, in the event of non-compliance, provide adequate remedies for the City in order to protect its residents' and all other customers' access to water and wastewater services.
2. Comply with EPA and Michigan DEQ regulations and, in the event of non-compliance, provide adequate remedies for the City in order to protect its residents' and other customers' access to water and wastewater services.
3. Provide adequate consideration for the City to retire DWSD's outstanding debt if the transaction would be in the form of a long-term lease and concession agreement or a sale or otherwise cause the outstanding DWSD revenue bond debt to lose favorable federal tax-exempt treatment or access to state revolving fund financing (both drinking water and clean water programs). The outstanding DWSD debt as of March 15, 2014 was approximately:
    a. Water System: $2.50 billion
    b. Sewer System: $3.24 billion
4. With respect to DWSD's pension obligations, if the transaction would be in the form of long-term lease and concession agreement or a sale either:
    a. Assume DWSD's pro rata share of pension assets and accrued liabilities and associated Unfunded Actuarial Accrued Liability, or
    b. Assume DWSD's structure free and clear of pension obligations, while providing consideration to the City equal to the amount in the City's Plan of Adjustment ($675 million over 10 years)
5. With respect to DWSD's OPEB obligations, if the transaction would be in the form of

long-term lease and concession agreement or a sale, provide consideration to the City equal to DWSD's share of the OPEB settlement to be included in the City's Plan of Adjustment.

TEAM STRUCTURE

To qualify as a Qualified Responder, the Prospective Responder (or with its partner(s)) must demonstrate sufficient team structure with respect to the following areas:

1. Adequacy of proposed team structure to provide sufficient assurance that all technical and financial obligations will be met on an ongoing basis
2. Adequacy of definition of roles and responsibilities of team members and key personnel.
3. Adequacy of disclosure of controlling interests and team integrity.

TECHNICAL CAPABILITY

To qualify as a Qualified Responder, the Prospective Responder must demonstrate technical capability with respect to the following areas of expertise:

1. Operation and maintenance of water and/or sewer systems.
2. Customer service improvements and enhancements.
3. Customer safety, security, and environmental responsibilities.
4. Ability to execute an efficient, timely and seamless transition plan.
5. Capability to undertake required capital improvements.
6. Ability to offer other system enhancements with a demonstrated knowledge of technologies.
7. Applicable licenses held by the team or its members for operation of a Michigan water and sewer utility.
8. Ability to comply with all applicable laws, regulations, ordinances and court orders.

FINANCIAL CAPABILITY

To qualify as a Qualified Responder, the Prospective Responder must demonstrate financial capability with respect to the following areas:

1. Proposed financing and, if other than internal funds, sources of such financing, including the expected schedule of commitments of funds and the steps required to secure the necessary funds.
2. Financial ability related to maintaining and upgrading the System assets.
3. Adequate sources of operating capital.
4. Ability to finance future DWSD expansion, if applicable.
5. Ability to comply with all applicable state and local tax obligations.
6. Collection plan for retail and wholesale customer accounts

3.2 Format and Required Information

All RFI submissions should follow the format outlined below. The written response shall be bound and prepared on 8-1/2" x 11" paper. A limited number of 11" x 17" fold-out sheets for exhibits are acceptable. All pages are to be sequentially numbered. Unnecessarily elaborate responses are not being sought. Elaborate artwork, expensive paper and binding, and expensive visual and other preparation aids are neither necessary nor desirable. Any concerns with providing the required information should be communicated to the Advisor Representatives in a prompt manner.

1. Cover Page (to include identification of all team members)
2. Cover Letter (2 pages maximum)
3. Table of Contents
4. Executive Summary (optional)
5. Responder Information
    - I. Description of Prospective Responder: Provide a description of the team, including a description of all team members and the anticipated legal relationship (governance and capital structure) among the team members (e.g., partners, shareholders, members, Responder, subcontractors, etc.) as appropriate. All equity investors should be identified.
    - II. Proposed Structure and Financial Terms of Bid: Identify the structure of the Offer and non-binding financial terms on which the Offer is being made. Indicate whether the Offer contemplates an operating and management agreement or alternatively, a long-term lease and concession arrangement or sale. If the proposed bid is for an alternative structure, describe in detail how the resulting utility would be structured. Include any potential legal issues involved in its creation and implementation and how such issues could be mitigated.
    - III. Roles of Team Members and Key Personnel: Briefly outline the roles of the team members and key personnel. In doing so, please ensure that all the requirements as detailed in Section 3.1 are addressed.
    - IV. Responder: Specifically identify the entity or entities that will operate, lease or own the Systems under the proposed Transaction.
    - V. Contact Person: Provide a single contact person for all future communication between the City and the Prospective Responder. Please identify the contact person's name, title, organization, address, telephone number, fax number, and email address.
    - VI. Controlling Interest: Identify the individuals or companies who hold a major or controlling interest in each team member.
    - VII. Expected Advisors: Identify the companies and individuals who are expected to act as legal, financial, or other advisors for the team.
    - VIII. Comparable Projects: Provide a list of comparable projects in which team members have participated. Prospective Responders should specify how these comparable projects relate to the proposed Transaction, their specific role(s) on these other projects, and the extent to which team members have worked together in prior projects.
    - IX. References: Provide a list of team member references. Include each

reference's organization, title, e-mail and phone number. These references should be able to describe the relevant qualifications and capabilities of each team member seeking to take leading roles in the operations and maintenance of the Systems.

X. Provide at least three references, if available, in which the team or team members have experience with public-private partnerships or long-term management contracts with government entities. Include each reference's organization, title, e-mail and phone number.

XI. Disclose and explain any litigation or enforcement matters currently pending or pending within the last 5 years in which you have been named as a defendant or responding party, including but not limited to:
   a. actions for breach or default of a contractual obligation;
   b. actions for non-payment or collection of a debt or credit obligation;
   c. labor matters;
   d. regulatory enforcement; or
   e. civil rights enforcement.

6. Technical Capability. Prospective Responders must address the following areas with respect to technical capability:

   I. Operations and Maintenance Expertise: Prospective Responders must provide evidence demonstrating their ability to operate and maintain facilities similar to the Systems. Specifically, Prospective Responder should have:
      a. substantial water and sewer facility maintenance and operation experience. Any environmental permit violations in prior projects should be disclosed and response to/resolution of those violations discussed.

      b. advanced knowledge of water and sewer facilities maintenance, repair, construction, and practical application of equipment and materials in water and sewer facility operations.
      c. demonstrated understanding in water and sewer facility aging behavior to assess and determine the applicability of remedial maintenance action.
      d. all the applicable licenses and capabilities necessary to successfully operate and maintain the Systems including water and sewer fee management and operations, administration, marketing and public relations.
      e. General approach for the operations of the utility following the transfer, including asset maintenance plan, treatment of employees, system stability and customer affordability.

   II. Customer Service: Prospective Responders must demonstrate their commitment to achieving the highest standards of customer service and satisfaction. Specifically, the Prospective Responders must highlight their experience and qualifications providing excellent customer service to the public using its water and sewer services. Additionally, as a prerequisite, the

Prospective Responder will be expected to provide a plan to execute a seamless transition to operations under the Transaction while maintaining the highest standards of customer service.

III. Safety and Security: Prospective Responders must demonstrate their ability to address and resolve safety and security issues. Specifically, the Prospective Responder should have:
   a. knowledge of water and sewer and public safety and security techniques and methodologies.
   b. Knowledge of homeland security laws, regulations, and procedures applicable to water and sewer utilities.
   c. experience in emergency response support.

IV. Capital Improvements. Prospective Responders must demonstrate their ability to efficiently undertake required capital improvements to the Systems during the term of the agreement. Prospective Responders must demonstrate expertise in relevant water and sewer engineering standards, specifications, policies, practices, and processes. Prospective bidders should indicate their initial approach in determining a Capital Improvement Plan for the Water and Sewer Systems.

7. Financial Capability. Prospective Responders should address the following areas with respect to financial capability.
   I. *Financial Capacity to Operate and Maintain the Systems' Assets.* Prospective Responders must demonstrate their financial capacity to pay any upfront consideration or periodic payment incorporated in the bid and to maintain the Systems for the term of the agreement. To demonstrate sufficient financial capacity, any primary equity providers and Responders must provide copies of audited financial statements for the past three years, together with any other relevant financial information. If audited financial statements cannot be provided, team members should provide enough financial information to demonstrate that they have the financial resources to successfully execute a project of this nature and scope.
   II. *Ability to Raise Financing.* Prospective Responders must provide specific evidence demonstrating their ability to raise financing for a project of this nature and scope. Specific factors that will be assessed include:
      a. capability of issuing debt and raising equity in the current capital market.
      b. the number and size of past relevant transactions.
      c. specific experiences on past relevant transactions.
8. Political Affiliation. Prospective Responders should indicate that they are not affiliated with or an authority of the State of Michigan, a County or political subdivision of the State.
9. Consultation. Prospective Responders should indicate that neither they, members of their teams, nor their advisors were consulted or participated in the formation of this RFI.

Should the submission contain proprietary data which the Prospective Responder does not want disclosed for any purpose other than evaluation of qualifications, the EM will entertain

requests for non-disclosure provided the firm identifies the appropriate sections/pages of the submission and the reason for doing so. However, Prospective Responders are advised that the City is subject to the Freedom of Information Act and the provisions of that law govern the release or retention of information submitted to the City. The EM's decision with respect to this issue will be final.

The EM reserves the right to request additional information from any Prospective Responder at any time if he determines in his sole discretion that such information is necessary for consideration of the Prospective Responder's qualifications.

3.3 Advisors and Consultants to the City

The following firms are serving as advisors or consultants to the City and are not able to provide service to any Prospective Responders or participate as members of any team:

- Financial Advisors: Miller Buckfire & Co., Conway MacKenzie, Ernst & Young
- Water and Sewer Consultants: The Foster Group, OHM Advisors
- Legal Advisors: Jones Day, Miller Canfield, Pepper Hamilton, Dykema

Prospective Responders may not rely on any of the foregoing firms or this RFI in determining any course of action in relation to the proposed transaction or otherwise, and are advised to seek their own independent financial and legal advice with respect thereto. Prospective Responders are required to disclose any conflicts of interest with respect to the parties listed above.

3.4 Registration, Questions and Answers, and Submission Instructions

Prospective Responders that anticipate responding to this RFI must indicate their intention by March 28, 2014 by providing contact information via e-mail to the Advisor Representatives listed below. Providing contact information will enable the EM to contact the Prospective Responder if necessary to amend this RFI or for any other reason.

Any questions shall be submitted via e-mail to the Advisor Representatives. All questions must be submitted no later than 5 p.m. EDT on March 31, 2014. Questions will be answered by April 2, 2014. Questions and responses will be made available to those that provided contact information.

All contact should be directed only to the Advisor Representatives listed below. Prospective Responders should not contact any officials or staff of the City regarding this RFI. Prospective Responders should not contact any representative of the City's advisors listed in Section 3.3 regarding this RFI (except for inquires and electronic copies to the Advisor Representatives, as noted above). Any such contact will be grounds for disqualification.

Advisor Representatives:

Kevin Haggard
Miller Buckfire & Co., LLC
601 Lexington Ave., 22nd Floor

New York, NY 10022
(212) 895-1883
kevin.haggard@millerbuckfire.com

Brian Sedlak
Jones Day
77 West Wacker
Chicago, Illinois 60601-1692
(312) 269-4334
brianlsedlak@jonesday.com

To respond to this RFI, interested parties must deliver to the addresses below an electronic copy of the RFI submission no later than 4 p.m. EDT on April 7, 2014 and 7 hard copies of the RFI no later than 4 p.m. EDT on April 8, 2014.

Electronic copy should be sent to each of the following email addresses:

- kevin.haggard@millerbuckfire.com
- brianlsedlak@jonesday.com

Hard copies should be sent to the following address:

Miller Buckfire & Co., LLC
c/o Kevin Haggard
601 Lexington Ave., 22nd Floor
New York, NY 10022

3.5 RFI Evaluation Process

Upon submission of the qualification documents, the EM and his staff and advisors will evaluate each Prospective Responder against the criteria set forth in Section 3.1 based upon the information provided in response to Section 3.2. Submissions will be evaluated in their entirety on a Pass/Fail basis. The EM will also obtain technical input and analysis from the City's Advisors. The EM reserves the right to ask Prospective Responders if they would be willing to combine or coordinate with another Prospective Responder without disclosing the identity of either party absent their prior approval.

After a final evaluation by the EM, if a Prospective Responder is notified that it has not been selected as a Qualified Responder, it may request reconsideration by writing to the Advisor Representatives within three (3) calendar days of receipt of the notification, setting forth in writing the reasons the determination should be reconsidered. The Advisor Representatives will notify the Prospective Responder of the EM's final determination within a reasonable time after receiving the request for reconsideration. The ultimate decision of the EM will be final and conclusive regarding this RFI.

The EM reserves the right to modify or terminate this solicitation at any stage if the EM determines such action to be in the City's best interests.

3.6 Transaction Schedule

Prospective Responders who are deemed to be Qualified Responders by the EM, in his sole discretion, will be asked to participate in further due diligence as described in Section 1.0, and to ultimately provide final and binding proposals to the EM. The approximate timing of this transaction will be as follows:

Initial Responses	**April 7, 2014**
Qualification Notification:	**April 10, 2014**
Final Binding Proposals:	**June 1, 2014**
Closing:	**August 2014**

Section 4 – Appendix