

**CONTRACT FOR EMERGENCY MANAGER
SERVICES**

RICK SNYDER, Governor of the State of Michigan (Governor), and the Department of Treasury retain and appoint Mr. Roy Roberts as the Emergency Manager for the Detroit Public Schools District (District) under the Local Government and School District Fiscal Accountability Act, 2011 PA 4, MCL 141.1501-141.1531 (the Act).

The services the Emergency Manager will provide to the District will be pursuant to the terms and conditions set forth in this Contract and the Act.

Students being educated within the District are entitled to an education that enables them to learn at high levels and, upon graduation, be fully prepared to enter the work force or attend college. This cannot happen when there is uncertainty about schools being able to stay open, or about their ability to maintain an environment that is conducive to teaching and learning.

The Emergency Manager's role is to remedy the distress of the District by requiring prudent fiscal management and efficient provision of services by exercising the necessary authority conferred by the state to take appropriate action on behalf of the District and its students. The result for students should be an education that allows them to think and act innovatively, demonstrate high performance, and meet the highest expectations. In accepting this appointment, the Emergency Manager agrees to leverage all his skills and abilities to accomplish these objectives on behalf of our students, parents, and citizens.

1. PARTIES/PURPOSE

1.1 Parties. The parties to this Contract are the State of Michigan (state) by the Department of Treasury and Mr. Roy Roberts (Emergency Manager).

1.2 Purpose. The parties to this Contract agree that the Emergency Manager will act as the Emergency Manager for the District. The Emergency Manager's duties and responsibilities as the District's Emergency Manager are delineated in the Act and include conducting all aspects of the operations of the District and establishing and implementing an academic and educational plan as required by Section 18 of the Act.

1.3 Duties. The Emergency Manager shall possess all the powers and duties authorized under the Act, including those specifically related to school districts. In addition, the Emergency Manager shall work cooperatively with the Office of the Governor, the State Treasurer, and the Superintendent of Public Instruction as part of an education reform leadership team. The Emergency Manager agrees to keep these officials informed of major initiatives to be undertaken in furtherance of this Contract before their public announcement.

2. TERM OF CONTRACT

The initial term of this Contract is one year beginning 5/16, 2011, through 5/16, 2012. This Contract may be renewed for an additional one-year term at the option of the state upon thirty (30) calendar days written notice and with the written consent of

the Emergency Manager. The State retains the right to remove the Emergency Manager as provided in section 15 of the Act.

3. **COMPENSATION FOR SERVICES PROVIDED**

3.1 **Salary.** The Emergency Manager's salary for services rendered under this Contract shall be \$250,000.00 per year, paid by the District.

3.2 **Payment for Services.** The Emergency Manager will be paid in equal bi-weekly installments consistent with the District's established written policies and procedures. The compensation paid is subject to concessions and furloughs similar to those imposed on District non-union executive staff during the term of this Contract. Additional information for services performed shall be provided if requested by the State.

3.3 **Reimbursement for Actual and Necessary Expenses.** The Emergency Manager's actual and necessary expenses will be reimbursed, including customary expenses related to travel, meals, and lodging, incurred and connected to services for the District. The Emergency Manager must provide original copies of all receipts for meals, lodging, and travel reimbursement with his billings.

3.4 **Source of Payment.** The District is required to pay the Emergency Manager's compensation for all services rendered and for all expenses incurred under this Contract.

4. **ADDITIONAL STAFF AND CONSULTANT FEES**

4.1 **Staff.** The Emergency Manager may appoint additional staff as necessary to fulfill the obligations of his appointment and duties under this Contract. Payment of compensation for additional staff will be the obligation of the District. While authority to hire additional staff rests with the Emergency Manager, the Emergency Manager agrees to consult with the Treasurer or the Treasurer's designee at least 24 hours before extending offers of employment for positions paying \$100,000.00 per annum or more.

4.2 **Professional Assistance.** The Emergency Manager may secure professional assistance as necessary to fulfill the obligations of his appointment and duties under this Contract. Payment of compensation for additional professional assistance will be the obligation of the District. The Emergency Manager agrees to consult with the Treasurer or the Treasurer's designee at least 24 hours before authorizing professional services contracts of \$100,000.00 or more per engagement or project.

4.3 **Security.** The Emergency Manager will be entitled to receive security protection in connection with his duties under this Contract. Security personnel will be retained only upon the approval of the Treasurer or the Treasurer's designee and only after consultation with the Director of the Michigan State Police or her designee. Payment of compensation for security personnel will be the obligation of the District.

5. **REPRESENTATIONS**

5.1 **Qualifications.** The Emergency Manager, by signing this Contract, represents that he meets the minimum qualifications for appointment set forth in the Act.

5.2 **Conflict of Interest.** The Emergency Manager represents and warrants that, to his knowledge, he has no personal or financial interest, and will not acquire any such interest, that would conflict in any manner or degree with the performance of this Contract.

5.3 **Non-competition.** The Emergency Manager warrants that he is not subject to any non-disclosure, non-competition, or similar clause with current or prior clients or employers that will interfere with the performance of this Contract. The state will not be subject to any liability for any such claim.

5.4 **Facilities and Personnel.** The District will provide the Emergency Manager with proper facilities and personnel to perform the services and work agreed to be performed.

5.5 **Records.** The Emergency Manager shall maintain complete records in accordance with generally accepted accounting practices and sound business practices. This requirement applies to all information maintained or stored in the Emergency Manager's computer system and in the District's computer system. The State and its designees shall have the right to inspect all records related to this Contract.

5.6 **Non-Discrimination.**

a) The Emergency Manager must comply with the Persons with Disabilities Civil Rights Act, MCL 37.1101 *et seq.*, and all applicable federal, State and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that he will not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of a disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Emergency Manager must impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant is a material breach of this Contract. MCL 37.1209.

b) The Emergency Manager must comply with the Elliott-Larsen Civil Rights Act, MCL 37.2101 *et seq.*, and all applicable federal, State and local fair employment practices and equal opportunity laws. The Emergency Manager covenants that he will not discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status. The Emergency Manager must impose this covenant upon every subcontractor that enters into an agreement for the performance of any obligation imposed by this Contract. A breach of this covenant may be considered a material breach of this Contract. MCL 37.2209.

5.7 Unfair Labor Practices. The Emergency Manager must not enter into a contract for the performance of any obligation imposed by this Contract with a subcontractor, manufacturer, or supplier whose name appears in the register prepared pursuant to MCL 423.322 of employers found in contempt of court for failure to correct unfair labor practices. MCL 423.323. The State may void this Contract if the Emergency Manager or any subcontractor, manufacturer, or supplier of the Emergency Manager that is a party to a contract for the performance of any obligation imposed by this Contract, appears in the above register. MCL 423.324.

5.8 Independent Contractor. The relationship of the Emergency Manager to the state and the District in this Contract is that of an independent contractor. Except as specifically provided in the Act, no liability or benefits, such as workers compensation rights or liabilities, insurance rights or liabilities, or any other provisions or liabilities, arising out of or related to a contract for hire or employer/employee relationship, shall arise, accrue or be implied to either party or either party's agent, subcontractor or employee as a result of the performance of this Contract.

6. NOTICES

Mr. Andy Dillon is the State's designee for this Contract unless notice of another designation is received from the Governor. All notices, correspondence, requests, inquiries, billing statements and other documents mentioned in this Contract shall be directed to the attention of the State Treasurer, Andy Dillon, and to the following:

For the State:

Mr. Tom Saxton, Deputy Treasurer
Richard H. Austin Building
430 W. Allegan
Lansing, Michigan 48909
Phone: (517) 373-3223
Fax: (517) 335-1785
Email: saxtont@michigan.gov

For the Emergency Manager:

Mr. Roy Roberts
c/o Alex L. Parrish, Esq.
660 Woodward Avenue, Ste. 2290
Detroit, Michigan 48226
Phone: (313) 465-7512

7. LIMITATION UPON LIABILITY

7.1 The State The state, the Governor, the Treasurer, and all other state officials are not liable for any obligation of or claim against the District resulting from actions taken in accordance with the Act or the Contract.

7.2 The Emergency Manager. As set forth in the Act, in performing this Contract the Emergency Manager is engaging in a governmental function and is immune from liability for any action taken which he reasonably believes to be within the scope of his authority granted by the Contract or the Act. The attorney general shall defend any claim, demand, or lawsuit brought against the Emergency Manager and any other state official or officer acting under the Act, as set forth in section 25 of the Act.

8. INSURANCE

8.1 General. The Emergency Manager may procure and maintain, at the expense of the District, worker's compensation, general liability, professional liability, and motor vehicle insurance for himself and any employee, agent, appointee, or contractor of the Emergency Manager as may be provided to elected officials, appointed officials, or employees of the District. The insurance procured and maintained by the Emergency Manager may extend to any claim, demand, or lawsuit asserted or costs recovered against the Emergency Manager and any employee, agent, appointee, or contractor of the Emergency Manager as provided in the Act.

8.2 Post-Contract. If, after the date that the service of the Emergency Manager is concluded, the Emergency Manager or any employee, agent, appointee, or contractor of the Emergency Manager is subject to a claim, demand, or lawsuit arising from an action taken during the service of the Emergency Manager, and not covered by a procured insurance policy, litigation expenses, including but not limited to attorney fees and payments made in settlement as specified pursuant to the Act, shall be paid by the District. If such expenses are not paid by the District they shall be treated as a debt owed to the state as set forth in the Act.

8.3 Additional Insurance. If the District has purchased or otherwise obtained an errors and omissions policy, then, as provided in the Act, the Emergency Manager may choose to be covered under such policy at the District's expense.

8.4 Payment by District. All insurance required under this Contract shall be acquired at the expense of the District under valid and enforceable policies, issued by insurers of recognized responsibility. The state reserves the right to reject as unacceptable any insurer.

9. TERMINATION OF CONTRACT AND APPOINTMENT

9.1 Termination by the State.

a) GOVERNOR. The Emergency Manager serves at the pleasure of the Governor, who has the power to rescind the appointment and terminate this Contract at any time and without cause, by issuing a Notice of Termination to the Emergency Manager.

b) LEGISLATURE. The Emergency Manager may be removed by impeachment and conviction by the Legislature pursuant to the Act.

9.2 Termination Process. Upon receipt of a Notice of Termination, and except as otherwise directed by the Governor or his designee, the Emergency Manager shall:

- a) stop work under the Contract on the date and to the extent specified in the Notice of Termination;
- b) incur no costs beyond the date specified by the Notice of Termination;
- c) on the date the termination is effective, submit to the state all records, reports and documents as the state shall specify and carry out such directives as the state may issue concerning the safeguarding and disposition of files and property; and
- d) submit within thirty (30) calendar days a closing memorandum and final billing, which shall be paid within thirty (30) days.

9.3 Termination by Emergency Manager. The Emergency Manager may terminate this Contract at any time, with or without cause, with thirty (30) days written notice to the Treasurer. Within 30 days of his final day of service, the Emergency Manager shall submit a closing memorandum and final billing, which shall be paid within thirty (30) calendar days.

10. GENERAL PROVISIONS

10.1 Governing Law and Jurisdiction. This Contract shall be subject to and construed according to the laws of the State of Michigan, and no action shall be commenced against the state, its agents, or employees for any matter whatsoever arising out of this Contract, in any court other than a Michigan state court.

10.2 No Waiver. A party's failure to insist on the strict performance of this Contract shall not constitute waiver of any breach of the Contract.

10.3 Other Debts. The Emergency Manager agrees that he is not, and will not become, in arrears on any contract, debt, or other obligation to the State of Michigan, including taxes.

10.4 Invalidity. If any provision of this Contract or its application to any persons or circumstances shall, to any extent, be judicially determined to be invalid or unenforceable, the remainder of this Contract shall not be affected thereby, and each provision of the Contract shall be valid and enforceable to the fullest extent permitted by law.

10.5 Headings. Contract section headings are for convenience only and shall not be used to interpret the scope or intent of this Contract.

10.6 Entire Agreement. This Contract represents the entire and exclusive agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties.

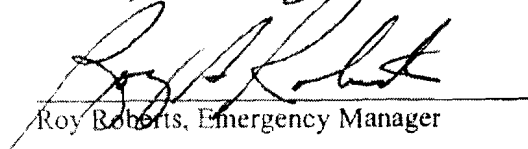
10.7 Amendment. No Contract amendment will be effective and binding upon the parties unless it expressly makes reference to this Contract, is in writing, and is signed by duly authorized representatives of all parties and all the requisite state approvals are obtained.

10.8 Order of Priority. This Contract and the Act shall be read to be consistent with one another. However, if there is a conflict between the terms of the Contract and the Act, the Act shall supersede the terms of the Contract.

Dated: 5/4/11


Rick Snyder, Governor

Dated: May 4th, 2011


Roy Roberts, Emergency Manager