

Lamphier, Wendy (Treasury)

From: Dillon, Andy (Treasury)
Sent: Wednesday, April 17, 2013 8:43 AM
To: Muchmore, Dennis (GOV)
Cc: Stibitz, Brom (Treasury); Roberts, John (GOV)
Subject: Re: KWA and City of Flint. URGENT

Follow Up Flag: Follow up
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That is the \$64,000 question. DEQ is firm that KWA is better. Are they an honest broker? I have to admit the engineering firm Treasury hired (Tucker Young) didn't make their case. No one on our side (DEQ or Treasury) sided with DWSD. I was the lone hold out but I couldn't argue against the defense Flint put forward against the TY report.

Sent from my iPad

On Apr 17, 2013, at 8:37 AM, "Muchmore, Dennis (GOV)" <muchmored@michigan.gov> wrote:

So, if the last DWSD proposal saves so much money, why are we moving ahead with KWA? I take it that Flint doesn't trust them and is just fed up? Does Kurtz have his head on straight here?

From: Dillon, Andy (Treasury)
Sent: Wednesday, April 17, 2013 8:33 AM
To: Stibitz, Brom (Treasury); Saxton, Thomas (Treasury); Muchmore, Dennis (GOV); Roberts, John (GOV); Headen, Frederick (Treasury); Brader, Valerie (GOV)
Cc: Snyder, Rick (GOV)
Subject: Fwd: KWA and City of Flint. URGENT

Interesting threat here. They will seek to recover sunk costs through rates in last two years. My guess is this will be a wildly huge increase. We cannot ignore the threat. We need legal advice asap. This needs immediate attention.

Fred please work with the AG and Valerie.

Brom, please advise Kurtz.

Note threat to HP. The two were never connected but this is a nail in the decayed coffin of HP.

Sent from my iPad

Begin forwarded message:

From: "Fausone, Jim" <JFausone@fb-firm.com>
Date: April 17, 2013, 8:08:55 AM EDT
To: "Walsh, John J." <jwalsh@fb-firm.com>, "Dillon, Andy (Treasury)" <DillonA2@michigan.gov>, Robert Ficano <IMSheriff2you@aol.com>, "william.misterovich@macombgov.org" <william.misterovich@macombgov.org>, orrk <orrk@detroitmi.gov>,

"bkenoyer@ford.com" <bkenoyer@ford.com>, "blackmm@mail.resa.net" <blackmm@mail.resa.net>, "Fausone, Jim" <JFausone@fb-firm.com>, "fredtheengineer@comcast.net" <fredtheengineer@comcast.net>, "jamjomar@msn.com" <jamjomar@msn.com>, "jwilliams@dickinsonwright.com" <jwilliams@dickinsonwright.com>, "ldforte@comerica.com" <ldforte@comerica.com>, Mary Blackmon <blackmm@att.net>

Cc: Sue McCormick <mccormick@dwsd.org>, Matthew Schenk <schenk@dwsd.org>

Subject: FW: KWA and City of Flint

Folks - I am disappointed to report that Flint/Genesee rejected the offer last night by press release to the Flint Journal.

The next step will be to send Flint a termination letter. Flint plans on buying water from DWSD for the next 3 years. Under the old contract, a termination letter is sent and then 12 months later DWSD can set new rates for the water delivered in year 2 and 3. The new rates will recover all sunk costs.

I am convinced the DWSD team acted in good faith and put forth an attractive offer. The local politics trumped reason, economics and engineering. I wish the people of Genesee County good luck and that the project saves them all the money promised by the politicians.

DWSD will move on. Our next big issue is the regional authority. I would also expect now that the State Treasurer has indicated there is no Flint/Highland Park linkage, the Department will sue Highland Park for the \$12.5 million it owes.

Jim

From: Fausone, Jim

Sent: Tuesday, April 16, 2013 9:06 AM

To: Walsh, John J.; DillonA2@michigan.gov; Robert Ficano; william.misterovich@macombgov.org; orrk; Craig Hupp; Jaye Quadrozzi (Quadrozzi@youngpc.com; cpugh313; Gary Brown; Jack Martin; bkenoyer@ford.com; blackmm@mail.resa.net; Fausone, Jim; fredtheengineer@comcast.net; jamjomar@msn.com; jwilliams@dickinsonwright.com; ldforte@comerica.com; Mary Blackmon

Cc: Sue McCormick; Matthew Schenk

Subject: KWA and City of Flint

Folks - This proposal saves Flint./Genessee essentially 50% TODAY and 20% when compared to KWA over 30 years.

If the decision is about economics or engineering, I don't see how F/G proceeds with KWA. Call the Director or me if you have questions. Jim

James G Fausone
Fausone Bohn, LLP
(248) 380-1818 tel.
jfausone@fb-firm.com

From: Sue McCormick [<mailto:mccormick@dwsd.org>]

Sent: Monday, April 15, 2013 6:20 PM