Schafer, Suzanne K. (Treasury)

From: Workman, Wayne (TREASURY)
Sent: Monday, February 03, 2014 12:08 PM
To: David Hodgkins; Ryan, Howard (Treasury)
Cc: Dempkowski, Angela (Treasury); Schafer, Suzanne K. (Treasury); Barton, John (Treasury); Lefler, Brian (BLefler@rwbaird.com)
Subject: RE: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS

David, I looked over this material this weekend and found it somewhat confusing. I would suggest a conference call to outline what is presented. I think we will want this information in a format that is easier to analyze. The call should include the County officials, and their bond counsel, financial advisors and senior managing underwriter. We will have several folks from Treasury and the State`s financial advisor participate so I will ask my assistant Angela Dempkowski to help set up a call. Thank you, Wayne

Wayne Workman | Deputy State Treasurer
State of Michigan | 430 W Allegan Street | Lansing, MI 48922

From: David Hodgkins [mailto:Dhodgkins@house.mi.gov]
Sent: Thursday, January 30, 2014 12:33 PM
To: Ryan, Howard (Treasury); Workman, Wayne (TREASURY)
Subject: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS

Hello Wayne and Howard,

Below and attached are the numbers discussed by KWA at our recent meeting. Please let me know if you have any questions.

From: Manny Lentine [mailto:manny@230north.org]
Sent: Thursday, January 30, 2014 10:09 AM
To: John Walsh; David Hodgkins; Matt Solak
Subject: Fwd: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS

Rep. Walsh,

As follow-up to the meeting with Treasury in your office, the below has been prepared by John O'Brien of KWA and John Lininger of Neuma, I am told. Treasury (Wayne) had requested data from KWA.

if this is not in an acceptable format (if, for example, you need an accompanying letter from KWA), please let Matt and I know and one of us will pursue that.

Thank you.

Manny

Begin forwarded message:

From: Rick Johnson <[redacted]@[redacted].com>

Subject: Fwd: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS
Date: January 30, 2014 9:10:09 AM EST
To: Manny Lentine <manny@230north.org>

Need to get this to Walsh.

Sent from my iPad

Begin forwarded message:

> **From:** John Lininger <jllproblemsolver@usa.net>
> **Date:** January 29, 2014 at 6:24:50 PM EST
> **To:** Rick Johnson <Rick@dodakjohnson.com>
> **Cc:** 'David Binter' <David@neumainc.com>, 'Mike Trout' <Miket@neumainc.com>
> **Subject: COMPARISON OF CASH REQUIREMENTS FOR KWA CUSTOMERS**
>
> Rick,
>
> Here is the comparison between bond sale and the Blair proposal. Please be sure to pull up all the attachments included on the model page. The model for Life Settlements has been revised to increase the interest rate to 5.5%. The difference is still over 270 million dollars in favor of the Blair proposal. As I have mentioned on many occasions, we modeled the acquisition cost for the policies @ 16%, which is high in today's market. Point is, the model is very conservative, by design, and we still beat the conventional bond sale by over 270 million. Should the purchase price be less, say 15 or 14% of face, the difference increases dramatically.
>
> The part you are focused on is the different cost to the KWA users,(see attachment to model). Both the bond sales and Blair's paybacks start in year 4..years 1 through 3 are prepaid interest since KWA is obligated to pay Detroit in those years. Cash benefits to the customers start in year 4 with Blair's proposal costing $7,349,383 less annually through year 20. Years 21 thru 25 Blair's proposal is $27,349,383 less annually than bond sales. Plus, the Blair proposal has a cash balance of $26,968,395 million dollars.
>
> I hope these details makes it very clear. I can go over this with you.
>
> John