

Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Monday, December 14, 2015 3:49 PM
To: Tony Minghine
Cc: Schafer, Suzanne K. (Treasury); Headen, Frederick (Treasury); Saxton, Thomas (Treasury)
Subject: Re: Flint rate case

The City's legal counsel approached Treasury on Friday. I believe a request is in the works that we can respond to.

Sent from my iPad

On Dec 14, 2015, at 3:39 PM, "Tony Minghine" <aminghine@mml.org> wrote:

Suzanne, Wayne and I spoke briefly about this today and he asked that I include you in this email as you would like be asked to help answer this question. I am assisting the City of Flint as an expert witness in their rate case. I have not yet testified but I did observe a full day of testimony and one of the key areas that the judge appears stuck is what is operations and maintenance costs under the revenue bond act. As I explained to Wayne, one of the key issues is the payment from the sewer fund to their internal service insurance fund. They had a major sewer back up claim and as a result charged the sewer fund 15.7 million dollars to pay the claim. The City is self-insured, so the liability will be borne by the city one way or the other. It is the city's position, and I concur with it, that this was an appropriate charge to the sewer fund and while large, was still part of O&M. If the city wasn't self-insured, they would most certainly be paying premiums and deductibles from the sewer fund. When they made the decision, forced or otherwise to self-insure, the sewer fund assumed that risk as did every other city fund for claims that may arise related to their normal activities.

My question is whether or not Treasury could offer some guidance or affidavit that would help the court understand that in Treasury's view, this was accounted for and handled appropriately? We are back in court on Friday, so Wayne and I discussed possibly chatting tomorrow. I will be in Lansing and at your disposal if that works for the two of you.

Thanks for looking at this.

Anthony Minghine

Associate Executive Director & COO

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Workman, Wayne (TREASURY)

From: Workman, Wayne (TREASURY)
Sent: Saturday, December 12, 2015 9:09 AM
To: Headen, Frederick (Treasury)
Cc: Saxton, Thomas (Treasury); Pleyte, Beth (Treasury); Dempkowski, Angela (Treasury); Pleyte, Beth (Treasury)
Subject: Re: Flint Letter to Nick

I have a lot of calls set up. But I can make something work

Sent from my iPhone

> On Dec 11, 2015, at 5:05 PM, Headen, Frederick (Treasury) <HeadenF@michigan.gov> wrote:
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> Tom:
>
> Nick forwarded the attached to me earlier this afternoon. The Flint Mayor and City Administrator are requesting assistance with covering costs associated with defending the two water/sewer rate cases (Shears and Kincaid).
>
> Chris Trebilcock, at Miller Canfield, estimates the total cost would be in the range \$245,000 to \$385,000. Based on the letter, the City has incurred \$80,000 in costs so far. While not every statement in their letter is factual, I believe (as I stated yesterday) that financially assisting the City with this litigation would be money well spent given what is at stake should the City lose.
>
> Hopefully, the three of us can discuss on Monday.
>
> Fred
>
> <Mayor-City Administrator Letter, 12-10-15.pdf>