

Cc: Stanton, Terry A. (Treasury) <StantonT@michigan.gov>

Subject: RE: Flint follow up

Tom and Wayne:

I did not take notes, but here is a summary as I recall it. Feel free to fill in missing items.

Fred

Summary from September 15, 2015, conference call between Treasury and City of Flint officials.

The participants were: Tom Saxton, Wayne Workman, Fred Headen, and Eric Cline, from Treasury, and Dayne Walling, Natasha Henderson (City Administrator), Pete Bade (City Attorney), Tony Chubb (Assistant City Attorney), and Jody Lundquist (Finance Director) from the City.

Issues discussed:

- The City of Flint is involved in two lawsuits regarding water and sewer rates: Kincaid and Shears. Kincaid was decided by the Michigan Court of Appeals on June 11, 2015. The Court held that a 35 percent increase in water and sewer rates imposed by City officials on September 16, 2011, violated the City charter and that EM Mike Brown had no statutory authority to later ratify those rate increases in May of 2012. The Court of Appeals remanded the case to Genesee County Circuit Court. City officials intended to appeal the Court of Appeals Kincaid decision to the Michigan Supreme Court, but missed the filing deadline by one day.
- Shears was decided by the Genesee County Circuit Court by a non-final order on August 17, 2015. Among other things, the Court enjoined City officials from any longer imposing the 35 increase in water and sewer rates; from disconnecting water or sewer service due to delinquent bills dating back to September 16, 2011; and from placing liens on property due to delinquent bills dating back to September 16, 2011. City officials have filed an appeal with the Michigan Court of Appeals seeking, among other things, a stay of the Genesee County Circuit Court injunction.
- City officials estimated that removal of the 35 percent increase in water and sewer rates will cost roughly \$600,000 per month. Therefore, if the Court orders either refunds or credits against future water and sewer bills retroactive to September 16, 2011, the cost would be roughly \$28.8 million to date (i.e., \$600,000 per month times 48 months to date).
- The City Administrator brought up and stressed the importance of the State assistance sought by the Mayor in his September 14, 2015, letter to the Governor. The Mayor requested \$30.0 million for infrastructure and capital improvements related to the City's water and sewer system.

-----Original Message-----

From: Workman, Wayne (TREASURY)

Sent: Wednesday, September 16, 2015 7:22 AM

To: Saxton, Thomas (Treasury) <SaxtonT@michigan.gov>

Cc: Headen, Frederick (Treasury) <HeadenF@michigan.gov>

Subject: Re: Flint follow up

Yes, Fred, Eric usually has pretty good notes. I ask him to share with you

Sent from my iPhone

> On Sep 16, 2015, at 6:54 AM, Saxton, Thomas (Treasury) <SaxtonT@michigan.gov> wrote:

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> can you pull together some bullet points that summarize the call late yesterday ? And I will pass them on to some of the people higher up the food chain. Thanks

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