

P.S. It has come to my attention that on March 6, 2019, another correspondence was sent by Councilwoman Fields to the State Treasury Department, this time as the only signatory to the letter, but copying Councilpersons Worthing and Griggs. This letter clarifies why she is pursuing this issue so closely, as she states her concern that the payment of AECOM out of the water fund is “borrowing” and that would constitute the “raiding” that led to past insolvency challenges for the city.

First, I must admit that I am deeply offended that she believes these actions, done in complete transparency, would constitute raiding. Raiding means pulling money out of one fund to pay for something the original fund was not intended to support. For example, as what was done in the past, it would be against the Charter to pull money from the Water Fund to pay the Police Department if the General Fund could not support such payments.

Remember that this whole issue came up because Councilwoman Fields had a copy of the response to a letter I wrote to the DEQ about the WIIN money without reading my initial request to the DEQ for clarification on how to proceed to manage funds properly. When those accusations did not stick and it was proven that the charges were reimbursable, she proceeded to make accusations of fund mismanagement because the DEQ withheld funds resulting from the hydrovac debate (the \$6.6M from last Fall). When that argument fell apart and the withheld funds were released, Councilwoman Fields misconstrued my words and misinterpreted Section 7-106 (B) of the Charter to argue that I was “borrowing” money to pay AECOM. Of course, as I have stated on the record: 1) AECOM’s work was completely within the scope of the water delivery system, 2) the WIIN Act had already established the funding two years prior and 3) the raiding / borrowing that is discussed in the Charter deals with moving money from one fund to another to pay for expenditures not related to the lending fund’s purpose.

I know that I cannot convince Councilwoman Fields, but I will try to convince the other members of the Council. Let me present the following::

- 1) My predecessor, David Sabuda, began the practice of funneling the WIIN funds through the Water Fund, as I have shown (see Resolution 178159); remember that RTAB/Treasury approved this resolution.
- 2) The original DWRLF forgivable loan – for \$40M – closed in May 2017.
- 3) Just as the loan that was approved in December 2018 was established, no money exchanged hands in May 2017, only access to money via drawdowns (similar to the way that a grant would work).
- 4) When Councilpersons Fields, Worthing and Griggs sent their letter to the Attorney General’s office and Governor’s office, we had already closed on the loan for \$77.7M, which would have paid for the alleged AECOM’s charges.

So to be clear, when the letter was written to Lansing, we had closed on the loan to provide access to funding to pay for approved activities (similar to where we were in May 2017). Councilwoman Fields claims she was concerned about financial insolvency protections provided in the Charter.

If she was concerned purely about violations of the Charter, then I will await her letter to the Governor and Attorney General regarding Council’s failure to develop the City’s Strategic Plan for the second budget cycle in a row, per 7-101 (A)(3), the first failure occurring when she was Finance Chair.

If Councilwoman Fields was concerned about financial solvency, then my research has not found her letter to the Attorney General and Governor back in 2017 which discussed her fears of “borrowing” and “raiding” to pay for expenditures that would eventually be paid from WIIN funds. She cannot say that this time there was doubt that the loan would not close since her letters were written *after* the \$77.7M loan closed. She cannot say that, this time, she was concerned that expenditures would not have been paid before reimbursement since that same approach was set up in 2017.

I fail to see the difference between where we were when Councilwoman Fields wrote the letter to officials in Lansing earlier this year versus where we were in May 2017. Loans were closed in each situation. Expenditures were to be funded via reimbursement request in each situation.

What is different between where we were after loan closure in May 2017 and where we were when she wrote her letters earlier this year? What is different between me and my predecessor? *I have explained this countless times; what do I need to do to make this stop?*

Given the announcement from my office provided with this postscript, my office will no longer provide any information regarding this matter outside of what is required per normal reports. I suggest that Council work with DPW and its accounting organization to get updates on final payment of already-requested reimbursements for AECOM’s project-plan related charges. I will be contacting the State Treasury office to request they contact me directly so I can address any concerns they may have.

Thank you.