



L. BROOKS PATTERSON, OAKLAND COUNTY EXECUTIVE

C O U N T Y M I C H I G A N

Robert J. Daddow
Special Projects Deputy County Executive

March 20, 2014

Mr. Kevyn Orr, Emergency Manager
And
Ms. Stacy L. Fox, Deputy Emergency Manager
City of Detroit
2 Woodward Avenue
Detroit, MI 48226

RE: Response to Request for 'Confirmatory' Due Diligence

Dear Mr. Orr and Ms. Fox:

It would be difficult for Oakland County to justify the expenditure of further time and scarce governmental resources on your "confirmatory" due diligence when the City has demonstrated that it is not interested in discussing in good faith what the true professional due diligence consists of or what the results of the due diligence findings can be. Rather, the City has chosen to dictate the terms of such "confirmatory" due diligence, i.e. that it will be a re-review of the Conway calculations and the Conway plan, it will be done in 3 weeks, the City will only agree to a floor of \$47 million regardless of what a diligent inquiry uncovers, that the Counties may not be given any further useful data, and that the Counties may not have significant, unfettered access to DWSD staff. Moreover, in our opinion, the City has not addressed in a good faith, meaningful way, the Counties' genuine concerns regarding "backstopping."

An authority may be a good structure for all stakeholders, but the City's inflexibility on the matters described above (and others) has made the formation of an authority likely impossible. Oakland County would be interested in a true collaborative effort to form an authority, but the collaboration must run two ways. Because the City is dictating the terms of the confirmatory due diligence and is essentially asserting a "take it or leave it" approach, we do not feel that the confirmatory due diligence process you have offered will be productive and we are hereby declining to participate further in that process. Your confirmatory due diligence process can only lead to a bad deal for Oakland County and its constituents. The instructions from our County Executive remain clear – no deal is better than a bad deal.

Obviously, you are certainly free to pursue other available options, but we are reasonably certain that when you do, any private entities that you speak with will be demanding the sort of meaningful due diligence we have been asking for all along.

Very Truly Yours,

Jim Nash,
Oakland County Water Resource Commissioner

Robert Daddow,
Deputy County Executive