

MICHAEL H. WAINWRIGHT
ATTORNEY AT LAW

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Honorable Ollie Tyler
Mayor
City of Shreveport
505 Travis Street
Shreveport, LA 71101

Email; mayor@shreveportla.gov
CONFIDENTIAL INFORMATION

Dear Mayor Tyler:

First, some background:

Before my wife and I moved to Western North Carolina three years ago, I lived in Shreveport for over fifty years, less my time in college, law school and the three years I worked on Capitol Hill as Asst. Majority Counsel of the House of Representatives Rules Committee under the sponsorship of Congressman Gillis W. Long. Consequently, Shreveport is a city I hold dear.

My relocation preceded your election, but I knew a great deal about you through some mutual acquaintances: the late Bob Munson, who I first met when I was Campaign Manager for Dr. C. O. Simpkins and hired Bob to handle media; Mary Rounds, who was my adopted daughter, Brandy Anderson's high school teacher and mentor; and Henry Price, who was my wife, Marty's supervisor during much of her 30 years as an Art Teacher in the Caddo Parish School System.

I've had a lifelong affinity for politics and government. I had been Co-manager of the Simpkins' mayoral campaign and Manager of Simpkins' campaigns for the Louisiana House of Representatives and for the Louisiana Senate. When Keith decided to run for Mayor, I was an integral part of a small group that went all out for his election. After winning, Keith

97 Country Club Circle
mhwlaw1@gmail.com

Brevard, NC 28712

(318) 470 9393

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asked me to be the City's lobbyist at the state legislature. At the time I was already serving as one of Mayor Bo Williams' City Port Commission appointees. Those two positions gave me a wonderful, treasured opportunity to see the inner workings of local government.

Through those experiences and my time on Capitol Hill, I developed an understanding of much of the minutia of the governmental process. From that understanding an attraction to those details became habit-forming. It was out of habit that I first delved into the campaign finance and House of Representative expense reports of Patrick Williams that gave rise to my guest column in the Shreveport Times about his double-dipping. While many of my friends were actively supporting Williams' mayoral campaign, I simply felt the public had a right to know what Representative Williams had been doing with public dollars.

And with that background, let me now continue:

That same inquisitiveness fueled further investigation when I discovered that some water bills did not jive with a reading of the newly enacted water-tier ordinance that the City Council had enacted. A month or so after Shreveport's new tier rate structure for residential water usage was enacted I was contacted by an acquaintance who advised me that there was something wrong with the way that the City was billing under its new ordinance. We could not reconcile his consumption rate with the tier structure. Additionally, we compared other friends' billings and they too were not reconcilable.

After many hours and days of trying to figure out what the City was doing, we were finally able to decode the formula that the City was using. That formula did not conform to the City's ordinance and the mistake was causing the City to significantly undercharge many residential consumers.

I researched the ordinance language as well as the motivation for adoption of the new rate structure. I concluded that the City was not only in violation of its own ordinance, but that error was resulting in revenue shortfalls that impacted the City's debt servicing of the bond financing

used to fund remedial actions to comply with the City's consent order regarding water & sewerage upgrades.

This brought me to conclude that it was important that the City be made aware of the situation. Realizing that it was a matter that should be handled delicately in a face-to-face setting and that a trip to Shreveport presented personal challenges,¹ I began to consider recruiting others to carry the message.

At this point, I decided to discuss this matter with Justin Haydel of Manchac Consulting Group, Inc. because of his extensive expertise in water systems. I was also aware of his extensive involvement with Bossier City, which meant he would frequently be in Shreveport/Bossier. Likewise, I knew that if necessary he had in house talent that could make whatever corrections might be necessary. I had known Justin from the time I was the City's lobbyist at the legislature and through being a City appointee to the Port of Caddo-Bossier where I had served as a Commissioner.

Next, I determined I would ask Charles Grubb to review our findings and to recommend how to best approach the City. Charles was an obvious and easy choice because I had worked with him in the past and his knowledge of City government is unsurpassed by anyone in Northwest Louisiana. Charles was Shreveport's City Attorney under three different Mayors and served as Parish Attorney for the Caddo Commission. He has over forty (40) years of Louisiana Municipal Government experience.

After Justin signed a Non-Disclosure Agreement with me and entered agreements with Charles and me, Manchac was provided with the Confidential Information relating to the City's misapplication of the water tier ordinance. With that information Justin was able to estimate the fiscal impact of the City's error.

¹ About seven years ago I contracted a rare disease, Neurosarcoidosis, which damaged my central nervous system and adversely affected my mobility and overall stamina. It was this health issue which prompted my relocation and semi-retirement.

Armed with this knowledge and illustrative charts I provided, Manchac prepared a powerpoint presentation showing what the City was doing versus what the ordinance provided for. The presentation showed an estimation of \$1.6 plus million of additional revenue the City would garner in each coming year if the error was corrected.

At the onset we understandably anticipated that the City would be elated to learn that by correcting its previously unknown error, the City could immediately increase its revenue by tens of thousand dollars each month and by a million plus of dollars every year for the foreseeable future. Providing this valuable information might not be something one brags about, but we had anticipated expressions of gratitude and thanks. Our expectation was that the City would be only too happy to reasonably compensate us by paying a reasonable percentage of this "new found" money for a limited time period. After all, each of your staff obviously has an expectation of being compensated for their valuable service to the City. We should expect no less for the value we have brought to the City. This new revenue alone will be substantially more than enough to cover all of your administrative staff salaries and benefits each year.

Recognizing that you had tremendous demands on your time, we decided that Charles would be the most credible and knowledgeable individual to approach his friend, City Attorney William Bradford. Charles revealed to Mr. Bradford that he had an unnamed client who had information that if acted on would mean either substantial savings or enhanced revenue to the City. Further, as Charles represented, these substantial savings or enhanced revenues were available without any reduction in workforce, passage of any new ordinances or imposition of any new taxes or fees.

Our original proposal to the City was to give the City the option to either adopt or reject the findings and recommendations. If the City elected to reject, no compensation would be due, but if the City adopted/implemented the recommendations, we would be paid $\frac{1}{4}$ of the savings or enhanced revenue realized by the City for the initial four year period. Candidly, we felt the City would accept this proposal. It was inconceivable that any entity, including the City, would not jump at an

opportunity to substantially increase its annual revenues in exchange for paying a reasonable, time-limited percentage of those new revenues. To us it was analogous to offering to hand someone new found dollars in exchange for that someone paying the finder a quarter, except here the dollars would keep coming in long after the quarters ceased to be paid.

After several days, Mr. Bradford indicated that the City was unwilling to move forward unless a sufficient disclosure of the findings was made to the City in order to determine if it was going to enter any contract.

So reluctantly, but in order to accommodate the City's position, a Non-Disclosure Agreement (NDA) was prepared by Charles and me. That NDA was given to City Attorney Bradford who then executed the NDA on behalf of the City. That NDA contains a clear prohibition against disclosure or use of the Confidential Information that was and remains proprietary information. It further provides for injunctive relief and for penalties equal to the greater of \$10,000 for each violation or 25% of the entire, on-going, enhanced revenue that the City realizes from its violation of the NDA. This NDA was necessary in order to give the City the preview the City was requiring. The stringent penalties were to protect against the unauthorized use of the Confidential Information by the City.

After securing the NDA, Justin made a power point presentation of our findings and recommendations. Mr. Bradford informed Justin and Charles that the City had no inkling of this error. He also indicated that he would inform the Mayor. The April 21, 2016 NDA, hard copies of the presentation materials, and a proposed contract were left with Mr. Bradford.

After yet more delay, a follow-up meeting was finally held with Department Head Barbara Featherston, City Attorney William Bradford and CAO Brian Crawford on June 24, 2016. At the beginning of the meeting Ms. Featherston and Mr. Crawford both signed Acknowledgments of the April 21, 2016 NDA entered into by the City and that the disclosures being made to them were subject to the NDA's provisions and protections. In that meeting Ms. Featherston indicated that the error had to have been made by City employees. That meant that there was no 3rd party to pursue

effectively eliminating any chance of recovery for prior under billings absent the back billing of residential customers²

On July 8, 2016, Mr. Bradford advised that the City had investigated and confirmed the error had been made by the City. He also advised that the City believed the error was costing the City approximately \$1 Million per year³. Mr. Bradford went on to say the City basically would consider paying a one time fee of 10% of the under billing amounts for the period of time since the February 15, 2015 inception. Mr. Bradford also volunteered that the City would further engage Manchac for additional unspecified services. This coupling with other proposals was a City initiated proposal.

In response, Charles wrote a letter to Mr. Bradford and Mr. Crawford, dated July 18, 2016, which set forth a counter proposal. In light of the hundreds of thousands of dollars in lost revenue that any delay in implementation was costing the City, Charles letter requested finalization of the contract between the City and Manchac on or before August 1, 2016. No response was received.

On August 1, 2016, Charles made yet another effort to reach an agreement to allow the City to use the Confidential Information, but the City again failed to respond. Finally, in frustration over the City's non-response, all prior offers to settle were withdrawn on August 13, 2016.

As of last week, we now hold actual water bills which evidence that the City has, without our consent, utilized the Confidential Information in order to correct billings starting with the first of the 19 billing cycles in August, 2016. Disclosures that were made to individuals (other than William Bradford, Mayor Tyler, Barbara Featherston, and Brian Crawford) to correct the error were also not consented to and therefore also

² Query, does the City have an obligation under the City Charter to undertake such back billing from the date the City became aware of the situation? Query 2, what will be the political fallout if it becomes known that high volume users have been undercharged under the ordinance for 18 months while low volume uses have been charged their full amount?

³ Our estimate was \$1.6 million per year without including residents living outside the City limits who pay twice the in-city rate.

constitute violations of the NDA. Furthermore, each of the City's implementations of a correct billing using the CONFIDENTIAL INFORMATION constitute a separate violation of the NDA.

Paragraph 10 of the NDA provides :

Each party acknowledges and agrees that remedies at law may be inadequate to protect the other party against actual or threatened breach of this Agreement by the other party, and accordingly, without prejudice to any other rights and remedies otherwise to either party, the parties agree that either party **shall be entitled to seek injunctive relief**, and further agree to waive, and further agree to use their best efforts to cause their employees, agents, and representatives to waive, any requirement for securing or posting any bond in connection with pursuit of any such remedy or any requirement of proving the inadequacy of a legal remedy. Recipient agrees that any unauthorized disclosure and/or utilization of Confidential Information by Recipient, Recipient's employees or representatives shall result in a penalty of the greater of \$10,000 or 25% of all savings or increase in revenue that Recipient realizes from any unauthorized, direct or indirect, utilization of Confidential Information. Such remedy shall not be deemed to be the exclusive remedy for a breach, but rather shall be in addition to all other remedies available at law or equity. In the event of litigation relating to this Agreement, the losing party will reimburse the prevailing party for its reasonable legal fees and expenses incurred in connection with any such litigation, including any appeal therefrom.

Frankly, I am both mystified and shocked by the City's bad faith conduct and it's blatant, willful violation of the NDA. We came to the City with the expectation of receiving thanks for making it possible for the City to quietly, and discreetly correct a very costly error. Such correction will literally mean millions of new dollars to the City coffers. Instead we have been dismissed, or characterized as adversaries, because we had the audacity to request a reasonable compensation that would be paid out of a portion of the first four years' of new dollars. Remember, we did not

create the problem, the City did. And the City did not find the solution, we did. And, absent our bringing the error to the City's attention, these huge loses would have gone on and on.

Ironically, the decision was made to recruit Justin Haydel/Manchac and Charles Grubb not only because of their expertise, but because of pre-existing friendships and an eagerness for them to be a part of what we viewed as a Win-Win situation. We thought as bearer of this valuable information, Manchac would be accruing enormous good-will that would likely lead to future business with the City. Had we believed otherwise we never would have enlisted their participation.

Why the City insisted on an NDA, entered into that NDA, and then proceeded to purposefully violate that NDA in the face of these penalties, is simply beyond my comprehension.

Implementation of the recommendation contained in the Confidential Information will produce millions of dollars in additional revenue which will better enable the City to service its debt, upgrade, and maintain the water and sewer systems. Our original proposal was both fair and reasonable. Our proposal is well within the parameters of the professional fee contracts the City has entered repeatedly to provide for collection actions as mandated by Resolution 114 of 2009 that are routinely reported on at each City Council session. Consequently, we now expect the City to execute an agreement with us to retroactively authorize the City's disclosure, use, and implementation of the Confidential Information without further delay.

Absent such an agreement, we will reluctantly accept an adversarial role because it is the only position the City has left us. Unfortunately, fulfilling that role will not be possible without all of this being made public. That in turn, will inevitably draw the attention and interest of those who have been adversely affected by the shortfall in revenue and to others who will find it irresistible for their own political gain. It's hard to believe the City has distorted our good intentions into this.

Sincerely yours,

/s/ Michael H. Wainwright

Michael H. Wainwright

97 Country Club Circle
mhwlaw1@gmail.com

Brevard, NC 28712

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