

Subject: RE: Revenue Enhancement Contract with Shreveport
From: ""Justin Haydel "" <Justin@manchacgroup.com>
Date: 7/8/2016 11:30 AM
To: "William Bradford" <William.Bradford@shreveportla.gov>
CC: "Charles Grubb (cgrubb3507@aol.com)" <cgrubb3507@aol.com>, LindseyDonaldson <Lindsey@manchacgroup.com>

William, please see the attached.



Justin Haydel, P.E
10542 S. Glenstone Pl.
Baton Rouge, LA 70810

Main: 225.448.3972
Direct: 225.448.2335
Cell: 225.938.4866
justin@manchacgroup.com

www.manchacgroup.com

From: William Bradford [mailto:William.Bradford@shreveportla.gov]
Sent: Friday, July 08, 2016 11:25 AM
To: Lindsey Donaldson <Lindsey@manchacgroup.com>
Cc: Justin Haydel <Justin@manchacgroup.com>; cgrubb3507@ <aol.com cgrubb3507@aol.com>
Subject: Re: Revenue Enhancement Contract with Shreveport

Charles,

Do you have a digital version of the agreement you drafted? The version sent to me appears to be for a different engagement.

William C. Bradford, Jr.
City Attorney
505 Travis Street
Shreveport, Louisiana 71101
Phone: (318) 673-5200
Fax: (318) 673-5230
Email: william.bradford@shreveportla.gov

>>> Lindsey Donaldson <Lindsey@manchacgroup.com> 6/13/2016 9:00 AM >>>

William,

Justin stepped out of the office so I am forwarding the agreement for him.

Thanks!

Lindsey Donaldson,
MBA
Financial Manager
225.448.3972



—Attachments:

manhaccityagreement final.docx

20.5 KB

Mime.822

63.2 KB

Subject: Rate increase inserts

From: "Barbara Featherston" <Barbara.Featherston@shreveportla.gov>

Date: 7/11/2016 5:25 PM

To: "Brian Crawford" <Brian.Crawford@shreveportla.gov>, "Ollie Tyler"

<Ollie.Tyler@shreveportla.gov>, "William Bradford"

<William.Bradford@shreveportla.gov>

CC: "Robert Campbell" <Robert.Campbell@shreveportla.gov>

Attached are copies of the rate inserts that were distributed with water bills at the beginning of 2015

— Attachments: —

Water and Sewer Rate Increase Insert 012015.pdf

69.5 KB



Department of Water and Sewerage

Dear Customer,

The Water and Sewer bill that you will receive in March will reflect the new rate structure that will minimize the effect of the 2015 sewer rate increase for residences that utilize less than 10,000 gallons per month in water. The conservation rate structure will take effect on February 1, 2015 and will be included in the bill you receive in March.

The February bill will reflect the second rate increase of 14 percent for sewer, which was effective January 2015. Annual rate increases will occur until January 2022.

The City of Shreveport has begun the work required in the Consent Decree with the Department of Justice to correct the negative environmental impact the crumbling infrastructure has had for decades. The antiquated water and sewer system must be overhauled in order to comply with the Clean Water Act and to maintain our drinking water system. Performing that work will require hundreds of millions of dollars.

Residential Tiers of water use and 2015 Rates

Tier 1 = 0 – 3 thousand gallons	\$1.32 per thousand gallons
Tier 2 = 4 – 7 thousand gallons	\$2.63 per thousand gallons
Tier 3 = 8 to 14 thousand gallons	\$3.95 per thousand gallons
Tier 4 = over 14 thousand gallons	\$4.47 per thousand gallons

Monthly fee for 5/8" meter will increase to \$6.54. Irrigation meter rates will start at Tier 3. Commercial rates are set at \$3.02 per thousand gallons for all quantities.

Sample bill

Residential Home 10,000 Gallons	2014 Charges	Current Bill	Charges after February 1, 2015	New Bill
Water Quantity	\$3.05 per 1000 gallons	\$30.50	\$1.32 per 1000 gallons for the first 3000 gallons, \$2.63 per 1000 gallons for next 4000 gallons and \$3.95 for the next 3000 gallons	\$26.33
Water Charges <i>Assumes 5/8" Meter</i>	\$4.80	\$4.80	\$6.54	\$6.54
Wastewater Bill	\$5.55 per 1000 gallons	\$55.50	\$6.33 per 1000 gallons	\$63.30
Wastewater Charges	\$5.55	\$5.55	\$6.33	\$6.33
Total Monthly Bill		\$96.35		\$102.50

If you have any questions concerning your bill, please contact our

Customer Service Division at 673-5510.

Subject: Re: Rate increase inserts

From: ""Barbara Featherston"" <Barbara.Featherston@shreveportla.gov>

Date: 7/15/2016 3:40 PM

To: "Brian Crawford" <Brian.Crawford@shreveportla.gov>, "Ollie Tyler"

<Ollie.Tyler@shreveportla.gov>, "William Bradford" <William.Bradford@shreveportla.gov>

CC: "Africa Price" <Africa.Price@shreveportla.gov>, "Robert Campbell"

<Robert.Campbell@shreveportla.gov>

I think we are fine without meeting again. We will start with the August bills.

Barbara Featherston, P.E., BCEE

City of Shreveport

Director of Water and Sewerage

From: Ollie Tyler

Sent: Friday, July 15, 2016 2:05 PM

To: Brian Crawford; Barbara Featherston; William Bradford

Cc: Africa Price; Robert Campbell

Subject: Re: Rate increase inserts

Thanks, Barbara. Please wait until first billing cycle in August. Is there a need for another discussion before we implement? We need to all be on the same sheet.

Ollie S. Tyler

Mayor

City of Shreveport

>>> Barbara Featherston 7/15/2016 8:10 AM >>>

Attached is a copy of the rate insert sheet that was distributed with water bills at the beginning of 2015. In 2016, we put a note on the bill itself that rates were increasing, but did not do an insert. We are ready to put the corrections into the billing software. We can do this immediately or we can wait until the first billing cycle in August, just let me know how you would like to proceed.

Barbara Featherston, P.E., BCEE

Director

Department of Water and Sewerage

505 Travis Street

Suite 580

Shreveport, LA 71101

Phone 318-673-7660

Fax 318-673-7663



Department of Water and Sewerage

Dear Customer,

The Water and Sewer bill that you will receive in March will reflect the new rate structure that will minimize the effect of the 2015 sewer rate increase for residences that utilize less than 10,000 gallons per month in water. The conservation rate structure will take effect on February 1, 2015 and will be included in the bill you receive in March.

The February bill will reflect the second rate increase of 14 percent for sewer, which was effective January 2015. Annual rate increases will occur until January 2022.

The City of Shreveport has begun the work required in the Consent Decree with the Department of Justice to correct the negative environmental impact the crumbling infrastructure has had for decades. The antiquated water and sewer system must be overhauled in order to comply with the Clean Water Act and to maintain our drinking water system. Performing that work will require hundreds of millions of dollars.

Residential Tiers of water use and 2015 Rates

Tier 1 = 0 – 3 thousand gallons	\$1.32 per thousand gallons
Tier 2 = 4 – 7 thousand gallons	\$2.63 per thousand gallons
Tier 3 = 8 to 14 thousand gallons	\$3.95 per thousand gallons
Tier 4 = over 14 thousand gallons	\$4.47 per thousand gallons

Monthly fee for 5/8" meter will increase to \$6.54. Irrigation meter rates will start at Tier 3. Commercial rates are set at \$3.02 per thousand gallons for all quantities.

Sample bill

Residential Home 10,000 Gallons	2014 Charges	Current Bill	Charges after February 1, 2015	New Bill
Water Quantity	\$3.05 per 1000 gallons	\$30.50	\$1.32 per 1000 gallons for the first 3000 gallons, \$2.63 per 1000 gallons for next 4000 gallons and \$3.95 for the next 3000 gallons	\$26.33
Water Charges <i>Assumes 5/8" Meter</i>	\$4.80	\$4.80	\$6.54	\$6.54
Wastewater Bill	\$5.55 per 1000 gallons	\$55.50	\$6.33 per 1000 gallons	\$63.30
Wastewater Charges	\$5.55	\$5.55	\$6.33	\$6.33
Total Monthly Bill		\$96.35		\$102.50

If you have any questions concerning your bill, please contact our

Customer Service Division at 673-5510.

Subject: Rate increase inserts

From: "Barbara Featherston" <Barbara.Featherston@shreveportla.gov>

Date: 7/15/2016 8:10 AM

To: "Brian Crawford" <Brian.Crawford@shreveportla.gov>, "Ollie Tyler"

<Ollie.Tyler@shreveportla.gov>, "William Bradford"

<William.Bradford@shreveportla.gov>

CC: "Robert Campbell" <Robert.Campbell@shreveportla.gov>

Attached is a copy of the rate insert sheet that was distributed with water bills at the beginning of 2015. In 2016, we put a note on the bill itself that rates were increasing, but did not do an insert. We are ready to put the corrections into the billing software. We can do this immediately or we can wait until the first billing cycle in August, just let me know how you would like to proceed.

Barbara Featherston, P.E., BCEE
Director
Department of Water and Sewerage

505 Travis Street
Suite 580
Shreveport, LA 71101
Phone 318-673-7660
Fax 318-673-7663

— Attachments: —

Water and Sewer Rate Increase Insert 012015.pdf

69.5 KB



Department of Water and Sewerage

Dear Customer,

The Water and Sewer bill that you will receive in March will reflect the new rate structure that will minimize the effect of the 2015 sewer rate increase for residences that utilize less than 10,000 gallons per month in water. The conservation rate structure will take effect on February 1, 2015 and will be included in the bill you receive in March.

The February bill will reflect the second rate increase of 14 percent for sewer, which was effective January 2015. Annual rate increases will occur until January 2022.

The City of Shreveport has begun the work required in the Consent Decree with the Department of Justice to correct the negative environmental impact the crumbling infrastructure has had for decades. The antiquated water and sewer system must be overhauled in order to comply with the Clean Water Act and to maintain our drinking water system. Performing that work will require hundreds of millions of dollars.

Residential Tiers of water use and 2015 Rates

Tier 1 = 0 – 3 thousand gallons	\$1.32 per thousand gallons
Tier 2 = 4 – 7 thousand gallons	\$2.63 per thousand gallons
Tier 3 = 8 to 14 thousand gallons	\$3.95 per thousand gallons
Tier 4 = over 14 thousand gallons	\$4.47 per thousand gallons

Monthly fee for 5/8" meter will increase to \$6.54. Irrigation meter rates will start at Tier 3. Commercial rates are set at \$3.02 per thousand gallons for all quantities.

Sample bill

Residential Home 10,000 Gallons	2014 Charges	Current Bill	Charges after February 1, 2015	New Bill
Water Quantity	\$3.05 per 1000 gallons	\$30.50	\$1.32 per 1000 gallons for the first 3000 gallons, \$2.63 per 1000 gallons for next 4000 gallons and \$3.95 for the next 3000 gallons	\$26.33
Water Charges <i>Assumes 5/8" Meter</i>	\$4.80	\$4.80	\$6.54	\$6.54
Wastewater Bill	\$5.55 per 1000 gallons	\$55.50	\$6.33 per 1000 gallons	\$63.30
Wastewater Charges	\$5.55	\$5.55	\$6.33	\$6.33
Total Monthly Bill		\$96.35		\$102.50

If you have any questions concerning your bill, please contact our

Customer Service Division at 673-5510.

Subject: Re: Tiered rates

From: "Barbara Featherston" <Barbara.Featherston@shreveportla.gov>

Date: 7/15/2016 5:00 PM

To: "Sharon Pilkinton" <Sharon.Pilkinton@shreveportla.gov>

CC: "Lashaun Wheeler" <Lashaun.Wheeler@shreveportla.gov>, "James Giddens" <James.Giddens@shreveportla.gov>, "Robert Campbell" <Robert.Campbell@shreveportla.gov>, "Janet Jackson" <Janet.Jackson@shreveportla.gov>

Yes, start in August.

Barbara Featherston, P.E., BCEE
Director
Department of Water and Sewerage

505 Travis Street
Suite 580
Shreveport, LA 71101
Phone 318-673-7660
Fax 318-673-7663

>>> Sharon Pilkinton 07/13/2016 11:14 AM >>>

Can we start at the beginning of the month where all customers will be included.
Sharon

Sharon J. Pilkinton
Superintendent
Department of Water & Sewerage
Customer Service Division
2139 Greenwood Road
Shreveport, LA 71103
Office: 318-673-5510
Fax: 318-673-7603
sharon.pilkinton@shreveportla.gov

>>> Barbara Featherston 07/08/2016 4:15 PM >>>

Met with the Mayor. Still need info requested below. We can move the changes from train to production on Monday.

Barbara Featherston, P.E., BCEE
Director
Department of Water and Sewerage

505 Travis Street

e: Tiered rates

Suite 580
Shreveport, LA 71101
Phone 318-673-7660
Fax 318-673-7663

>>> Sharon Pilkinton <sharon.pilkinton@shreveportla.gov> 07/01/2016 9:11 AM >>>
Ok

Sent from my iPhone

On Jul 1, 2016, at 7:35 AM, Barbara Featherston <Barbara.Featherston@shreveportla.gov> wrote:

We are going to meet with the Mayor to discuss prior to implementation. That meeting is scheduled for next Friday. I will need all information about what we either gave S & S or told S & S about what we needed for the tiered rates. Will need this by Wednesday of next week.

Barbara Featherston, P.E., BCEE
Director
Department of Water and Sewerage

505 Travis Street
Suite 580
Shreveport, LA 71101
Phone 318-673-7660
Fax 318-673-7663

>>> Barbara Featherston <barbara.featherston@shreveportla.gov> 06/13/2016 4:20 PM >>>
Good deal;). As soon as I hear back from Brian I will let you know.

Barbara Featherston, P.E., BCEE
City of Shreveport
Director of Water and Sewerage

From: Sharon Pilkinton
Sent: Monday, June 13, 2016 4:18 PM
To: Barbara Featherston
Cc: Lashaun Wheeler; Robert Campbell; Janet Jackson
Subject: Re: Tiered rates

Quick bills with new rates in train = 5k usage through 15K usage and 30K usage. They are all correct.

Sharon J. Pilkinton
Superintendent
Department of Water & Sewerage
Customer Service Division
2139 Greenwood Road
Shreveport, LA 71103
Office: 318-673-5510
Fax: 318-673-7603

sharon.pilkinton@shreveportla.gov

>>> Barbara Featherston <barbara.featherston@shreveportla.gov> 06/13/2016 3:47 PM >>>
Thankd.

Barbara Featherston, P.E., BCEE
City of Shreveport
Director of Water and Sewerage

From: Sharon Pilkinton
Sent: Monday, June 13, 2016 3:46 PM
To: Barbara Featherston
Cc: Lashaun Wheeler; Robert Campbell; Janet Jackson
Subject: Re: Tiered rates

I did a couple. Let me do all different uses from 7 - 50. I will let you know when I am finished.

Sharon J. Pilkinton
Superintendent
Department of Water & Sewerage
Customer Service Division
2139 Greenwood Road
Shreveport, LA 71103
Office: 318-673-5510
Fax: 318-673-7603
sharon.pilkinton@shreveportla.gov

>>> Barbara Featherston <barbara.featherston@shreveportla.gov> 06/13/2016 3:27 PM >>>
You checked and double checked several bills that had usages up to 30k?

Barbara Featherston, P.E., BCEE
City of Shreveport
Director of Water and Sewerage

From: Barbara Featherston <barbara.featherston@shreveportla.gov>
Sent: Monday, June 13, 2016 3:23 PM
To: Sharon Pilkinton
Cc: Lashaun Wheeler; Robert Campbell; Janet Jackson
Subject: Re: Tiered rates

Let me check with Brian.

Barbara Featherston, P.E., BCEE
City of Shreveport
Director of Water and Sewerage

From: Sharon Pilkinton
Sent: Monday, June 13, 2016 2:41 PM
To: Barbara Featherston
Cc: Lashaun Wheeler; Robert Campbell; Janet Jackson
Subject: Re: Tiered rates

Spoke with S&S and they explained how to fix the rate structure. I fixed it in train and it worked. When would you like for me to put into production?

Sharon

Sharon J. Pilkinton
Superintendent
Department of Water & Sewerage
Customer Service Division
2139 Greenwood Road
Shreveport, LA 71103
Office: 318-673-5510
Fax: 318-673-7603
sharon.pilkinton@shreveportla.gov

>>> Sharon Pilkinton 06/09/2016 5:36 PM >>>

They told me how to do it and I did it.

Tried to change the Tiers as stated below and it won't let me. Waiting for S&S to get back with me.

Sharon

Sharon J. Pilkinton
Superintendent
Department of Water & Sewerage
Customer Service Division
2139 Greenwood Road
Shreveport, LA 71103
Office: 318-673-5510
Fax: 318-673-7603
sharon.pilkinton@shreveportla.gov

>>> Barbara Featherston 06/09/2016 5:11 PM >>>

Did we program the tiers or did S & S?

Barbara Featherston, P.E., BCEE
Director
Department of Water and Sewerage

505 Travis Street
Suite 580
Shreveport, LA 71101
Phone 318-673-7660
Fax 318-673-7663

>>> Sharon Pilkinton 06/09/2016 1:48 PM >>>

After researching, the Tiers are as follows in the billing system:

Tier 1 0-3 \$1.32
Tier 2 0-7 \$2.63
Tier 3 0-14 \$3.95
Tier 4 0-99999 \$4.47

Example 30K gallons:

3 x \$1.32 = \$3.96
7 x \$2.63 = \$18.41
14 x \$3.95 = \$55.30
6 x \$4.47 = \$26.82
Total = \$104.49

I think it should be as follows and would like to change train and see if it computes correctly tomorrow before putting into production:

Tier 1 0-3 \$1.32
Tier 2 4-7 \$2.63
Tier 3 8-14 \$3.95
Tier 4 15-99999 \$4.47

Example 30K gallons:

3 x \$1.32 = \$3.96
4 x \$2.63 = \$10.52
7 x \$3.95 = \$27.65
16 x \$4.47 = \$71.52
Total = \$113.65

Sharon

Sharon J. Pilkinton
Superintendent
Department of Water & Sewerage
Customer Service Division
2139 Greenwood Road
Shreveport, LA 71103
Office: 318-673-5510
Fax: 318-673-7603
sharon.pilkinton@shreveportla.gov

>>> Barbara Featherston 06/09/2016 6:46 AM >>>

Sharon,

It was brought to my attention that the tiered rates are not set up correctly in the billing system. It looks like the rates for Tier 2 are applied to 4k through 10k, Tier 3 from 11k to 24k and Tier 4 starts at 25 k. Need you to research and let me know something this morning. This is a priority.

Barbara

Barbara Featherston, P.E., BCEE
Director
Department of Water and Sewerage

505 Travis Street
Suite 580
Shreveport, LA 71101
Phone 318-673-7660
Fax 318-673-7663

<Barbara Featherston.vcf>

CHARLES C. GRUBB

Attorney at Law
400 Travis Street, Suite 1222
Telephone (318) 426-7802
FAX: (815) 556-6226

ALSO LICENSED IN COLORADO

email: cgrubb3507@aol.com

July 18, 2016

CONFIDENTIAL INFORMATION

Mr. Brian Crawford
Chief Administrative Officer
City of Shreveport
505 Travis Street, Suite 505
Shreveport, LA 71101
Via Email: brian.crawford@shreveportla.gov & US Mail

Mr. William Bradford
City Attorney
City of Shreveport
505 Travis Street
Shreveport, LA 71101
Via Email: william.bradford@shreveportla.gov & US Mail

Re: Manchac Consulting Group, Inc.

Dear Brian & William:

I am going to first confirm and then comment on the information provided to me by William this past Tuesday. Please be aware that the contents of this letter constitute Confidential Information pursuant to the Non-Disclosure Agreement ("NDA") entered into by my client, MANCHAC CONSULTING GROUP, INC. ("MANCHAC") and the CITY OF SHREVEPORT ("CITY") dated April 21, 2016.

William advised that on Friday, July 8 Mayor Tyler met with the two of you and Barbara Featherston to review Manchac's offer to provide information to the City which will result in considerable new revenue to the City. As I appreciate the information William provided, Mayor Tyler is proposing to compensate Manchac for providing this information in several ways although we are unclear as to the extent of this.

The part I believe I understood is that the City would pay Manchac a sum calculated by the City as ten (10%) percent of new revenues the City would have derived had it had Manchac's information for a period beginning February 15, 2015 and running through July 1, 2016 or perhaps 18 months from February 15, 2015 (August 15, 2016). Additionally, Justin Haydel of Manchac and appropriate representatives of the City, including Brian, will meet in the near future to devise an engagement plan whereby the City will engage Manchac on an ongoing basis to oversee certain aspects of the City's

RECEIVED

07-30-16 10:00 AM RCVD

CITY ATTORNEY'S OFFICE
SHREVEPORT, LA

Water and Sewer operations. Of course at this writing we are unclear as to what this entails. Further, William noted that it is the City's hope and expectation that this relationship would be formalized quickly.

It has taken us a few days to respond, largely because Justin had orthopedic surgery last week and was incapacitated for several days after the surgery. Now that he has recovered enough to consider the City's proposal he has authorized me to offer the following comments.

First, we share in the City's sense of urgency in consummating an agreement so the City can take the necessary steps to fix the issues that are causing it to miss out on considerable revenue. My client is disappointed in the City's evaluation of the value of the information that is subject to the previously signed NDA. Manchac's \$1.6 million per year estimate was conservative and did not include the outside of City customers who are billed at double rates. Second, the City's offer would not even cover Manchac's time and expense to date and totally ignores that but for Manchac's discovery of the error the City would continue to lose substantial money for the foreseeable future. According to my client's calculations the City of Shreveport would have lost at a minimum \$18 million over the 10-year time from 2015 when the rates were implemented through 2025.

Based on the City's representation that this was an in-house error each month of loss revenues is gone forever. Using the City's estimate computes to \$83,333 per month, while Manchac's estimate computes to \$134,238 per month. Notably these monthly rates are only averages and do not reflect that a substantial portion of the enhanced revenues occur in the May-September period of hot, dry weather and do not include outside customers. For example, since the time I approached William in March the following four months would have garnered enhanced revenues of \$333,332 to \$536,952 even without adjusting for three of those months being in the high volume season. The 10% offer only equates to approximately 25% of the City's losses since Manchac's initial disclosure.

Of course Manchac is desirous of a long-term relationship with the City and is confident that there is considerable value to services it hopes would be included in any engagement plan. However, it is frankly disappointed in the City's evaluation of the value of the information that is subject to the previously signed NDA. That information will bring considerable value to the City in perpetuity, so Manchac believed and still believes that the terms previously suggested for the release of that information are reasonable and extremely advantageous to the City.

Having said that, and because of Manchac's desire to build a constructive relationship with the City moving forward, it suggests the following:

- Manchac will provide the information described as Confidential Information in the NDA for two payments of \$250,000, the first due August 1, 2016 and the second due on March 31, 2017. This is \$1,100,000 less than the NDA stipulates.
- At the same time, Manchac can provide services to the City that will continue to yield enhanced revenues and decreased expenditures. Although we are unclear as

to what the City's proposal consists of we would like to offer the following for your consideration:

1. Manchac and the City will in good faith enter into negotiations to consummate an agreement for Manchac to provide services to the City related to the operations and maintenance (O&M) of the water & sewage department. This could include providing management personnel to be stationed at the City's water treatment plant, the two wastewater treatment plants, oversight of the City's sewage pump stations, water distribution system and wastewater collection system, as well as other items identified by the City. An evaluation of the current management structure would also be performed and recommendations would be made regarding proactive measures to substantially reduce the annual operating budget. These services and personnel can be provided for an annual negotiated fee for a term of five (5) years
2. Manchac is aware that Shreveport is under a Consent Decree ("CD") to rehabilitate its sewerage collection system to eliminate sanitary sewer overflows and that this work all has to be accomplished within certain time frames agreed to within the CD, and that the City issues Master Services Agreements ("MSAs") to engineering consulting firms to enable it to accomplish the CD work in a timely manner. Manchac will be awarded MSA work. Manchac would note that it is well qualified to perform such work and that this is an expense that City is going to incur regardless of who performs the work.

Justin will be able to travel to Shreveport the week of July 25th. He is always available for telephone calls in the meantime to negotiate and implement these suggestions. Please feel free to contact him directly, but of course if I can assist with additional information please contact me at your convenience.

Charles C. Grubb



Attorney at Law

cc: Mr. Justin Haydel, P.E.

Subject: Re: Water rate adjustments

From: ""Barbara Featherston "" <Barbara.Featherston@shreveportla.gov>

Date: 8/5/2016 11:03 AM

To: "William Bradford" <William.Bradford@shreveportla.gov>

Will do. Della is working on reports for me. I will see where she is with that. I will be back Monday and we can discuss.

Barbara Featherston, P.E., BCEE
City of Shreveport
Director of Water and Sewerage

From: William Bradford

Sent: Friday, August 5, 2016 11:28 AM

To: Barbara Featherston

Subject: Water rate adjustments

Barbara,

Can you please provide me with the process you would use to calculate the savings discussed with MANCHAC? Also, can you run the numbers to determine how much it would be so that I can calculate the 10% offer. I also need a timeline. This one is getting a little touchy so call me to discuss when you can.

Thanks,

William C. Bradford, Jr.
City Attorney
505 Travis Street
Shreveport, Louisiana 71101
Phone: (318) 673-5200
Fax: (318) 673-5230
Email: william.bradford@shreveportla.gov

CHARLES C. GRUBB

Attorney at Law
400 Travis Street, Suite 1222
Telephone (318) 426-7802
FAX: (815) 556-6226

ALSO LICENSED IN COLORADO

email: cgrubb3507@aol.com

August 5, 2016

VIA EMAIL

Mr. William Bradford
City Attorney
400 Travis Street
Shreveport, LA 71101

Manchac Consulting Group, Inc.

Dear William:

On behalf of Manchac Consulting Group ("Manchac") this confirms and amplifies on our telephone conversation of yesterday morning. I appreciate your phone call this morning, but in light of the fact that we have been discussing this matter with you since March we feel this letter is necessary in hopes of putting closure to this matter. Please be aware that the contents of this letter constitute CONFIDENTIAL INFORMATION pursuant to the non-disclosure agreement (NDA) entered into by Manchac and the City of Shreveport dated April 21, 2016.

You advised that Barbara Featherston is out of town until this coming Monday, attending a conference. You have agreed that Monday you will ascertain from her the feasibility of running the numbers on the City's lost revenues from February 1, 2015 through August 1, 2016 (inside and outside customers), obtain her commitment as to how long it will take her to do so, and that you will call me or email me before COB Monday with what she says. Email is preferable for me.

As I stated during our call, we are at a loss to understand why the City is making this so difficult to resolve. From a cash standpoint, our last offer is a fraction of what the City has agreed to pay and is currently paying other outside consultants/contractors for similar work and clearly represents a small fraction of the value of Manchac's work to the City. As a matter of fact, in our meeting of June 8, 2016 with you, Brian Crawford and Barbara Featherston, Mr. Crawford asked Ms. Featherston if any other firm was working on the water rate issue and she said "no", but that she had been in discussions with a large firm on similar issues and that they wanted 55% of any additional revenue they could bring to the City. (We would like to know the name of that firm.) Mr. Crawford then asked us to submit a draft contract for this project which we did shortly after the meeting. We never heard anything back from you about it.

We also do not understand the City's reticence in easing the settlement through assigning Manchac work that it is qualified to do and that the City is going to contract with some firm to do anyway. Additionally, the idea of assigning work to Manchac was the City's

idea which resulted from the meeting you, Brian and Barbara had with Mayor Tyler as outlined in my July 18, 2016 letter to you and Brian (attached).

I want to mention something else. I advised Mr. Haydel months ago that I thought we should negotiate with the City through you because of my relationship with you even though at the time this seemed to simply be a matter of accessing City leadership for a discussion traditionally taken place administratively. We obviously mistakenly anticipated being thanked for coming to the City with the information. To be frank, some of the things you have told us these past months have made it difficult for me to keep the train on the track for so long. Early in the discussions when I was asked if your statements that it was taking you three weeks to get in to see Mayor Tyler were credible, I had to answer "no". William, if it takes the city attorney three weeks to see the mayor, particularly on a matter of such importance, something is very wrong with the relationship. Then about a week ago yesterday you told me Barbara was out of town at a conference through Monday of this week. Then yesterday you told me it was Monday of next week. When I'm asked what kind of conference lasts two weeks and is so intense that an attendee cannot be reached by email, I have no answer. Additionally, Mr. Haydel had a conversation with Ms. Featherston Monday, July 25, where she advised him she was going on vacation and would return to work August 8.

It is also very disturbing to us that you seem to be doing everything you can to keep us from talking with Mayor Tyler about this issue. Last month when I jointly addressed correspondence to you and Brian Crawford, within ten minutes of your receipt of the correspondence you called me obviously upset that I had included Brian on the correspondence. Wednesday afternoon of this week when Gray Sexton, Manchac's corporate attorney, merely talked to Mayor Tyler's assistant about securing an appointment you called him to express extreme displeasure. At the same time, you twice tried to contact me and then advised me yesterday morning that Mr. Sexton would not be given an appointment with the mayor. Evidently you can keep him from getting the appointment, which raises other concerns we have about this entire ordeal.

The points I am making as directly as I can are that Mr. Haydel feels that considering all the circumstances of this matter, the value of his information to the City, the competency of his firm to work for the City, his rights under the NDA, etc., the offer he has made to the City is not just fair but is one-sided to the City's favor; and that the City has not been negotiating with him in good faith. In fact, Barbara has advised him that the City has "fixed" the problem with the water billing program and that beginning August 1 water bills will be issued to the City's customers with the correct billing amounts. You also confirmed the same information to Mr. Sexton. If so, this is a clear violation of the NDA; the City is using the valuable confidential information that my client offered in good faith to the City pursuant to the NDA.

Mr. Haydel has very reluctantly accepted my recommendation to give the City until COB this coming Monday, August 8, to give us specific advice that the calculations the City wants to make can indeed be made, that they can be made by Wednesday of this coming week, in time to conclude a settlement no later than the end of next week, and that the City is willing to furnish us with sufficient information to give us confidence in the calculations. If the City's calculations do not show at least \$1.6 million in annual lost revenue he will probably have no confidence in them. As is reflected in our last offer, we

do not feel that the calculations are necessary to conclude a settlement and, based on how things have gone to date, are suspicious that insisting on calculations affords the City another opportunity to stretch things out.

Our last offer as outlined in my August 1 letter (attached) is still on the table with the caveat that it will take more than Brian meeting with Justin to satisfy the work requirement of our offer; it will take a commitment. It will not take much for the offer to be withdrawn. It will definitely be withdrawn at the end of next week if it has not been accepted by then. It will also be withdrawn if we discover evidence that the City is utilizing the Confidential Information identified in the NDA without first obtaining Manchac's permission to use it; such action would evidence abject bad faith. From our perspective we have done everything we can to keep this from becoming adversarial, but unless the City does the same the train is heading for a derailment.

I have out of town family in town and am unavailable for further discussions until Monday.

Sincerely yours,



Charles C. Grubb

Attachments

cc: Mr. Brian Crawford
Mr. Justin Haydel
Mr. Gray Sexton

CHARLES C. GRUBB

Attorney at Law
400 Travis Street, Suite 1222
Telephone (318) 426-7802
FAX: (815) 556-6226

ALSO LICENSED IN COLORADO

email: cgrubb3507@aol.com

August 13, 2016

RECEIVED

AUG 12 2016

CITY ATTORNEY'S OFFICE
SHREVEPORT, LA

03-15-16P02:27 RCVD

Mr. William Bradford
City Attorney
City of Shreveport
400 Travis Street
Shreveport, LA 71101

Re: Manchac Consulting Group, Inc.

Dear Mr. Bradford:

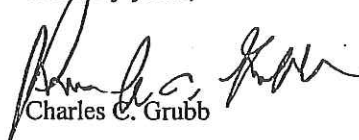
By my letter of August 5 on behalf of Manchac Consulting Group, Inc. ("Manchac") (copy attached) I advised that the offer previously tendered affording the City the opportunity to utilize the Confidential Information disclosed pursuant to the Non-disclosure Agreement ("NDA") executed by Manchac and the City on April 21, 2016 (copy attached), would be withdrawn if not accepted by August 12, 2016. Since that time has obviously passed without acceptance of the offer, it is hereby withdrawn.

I do not know which is more surprising to us, that the City continues to refuse to seriously negotiate terms for the use of the Confidential Information or that the City is apparently content to continue to knowingly bill its water and sewer customers inappropriately to the detriment of the City, its bondholders and other third parties to whom it has made commitments concerning water and sewer infrastructure improvements. We note that just last week the City formally initiated proceedings for the issuance of bonds the payment of which is to be secured by water and sewer revenues. We anticipate the issuance will include the City covenanting with the future owners of the bonds to do a number of things to ensure the collection of rates sufficient to defease the bonds. Respectfully, its refusal to collect water fees at their lawfully adopted and published rates is probably a breach of the covenants it has made to all of its current revenue bondholders.

The City has now known the Confidential Information for almost four (4) months, including most of the high water usage months for the year, and yet still for reasons known only to it perpetuates its billing errors. Our estimate is that merely by not correcting the billing for water usage during the month of July 2016 the City has lost more funds than it would have paid to accept Manchac's now withdrawn offer.

We will continue monitoring the City's billing practices. If/when we ascertain that the City is utilizing Manchac's Confidential Information in violation of the NDA, Manchac will interpret the City's action as an invitation for it to enforce its rights under the NDA. Of course we still hope it does not come to that.

Sincerely yours,


Charles C. Grubb

Attachments

cc: Honorable Ollie S. Tyler
Mr. Brian Crawford
Mr. Justin Haydel
Mr. Gray Sexton

Subject: Re: Water rate adjustments

From: "Barbara Featherston" <Barbara.Featherston@shreveportla.gov>

Date: 8/18/2016 1:26 PM

To: "William Bradford" <William.Bradford@shreveportla.gov>

CC: "Brian Crawford" <Brian.Crawford@shreveportla.gov>

We were able to pull reports together that show the number of accounts for each increment of usage that was not charged properly. I have asked Della to provide a couple of months with data on all accounts so that I can make sure they match our typical monthly reports. Attached is what we have. I hope to have this verified by mid next week at the latest.

Barbara Featherston, P.E., BCEE
Director
Department of Water and Sewerage

505 Travis Street
Suite 580
Shreveport, LA 71101
Phone 318-673-7660
Fax 318-673-7663

>>> Barbara Featherston <barbara.featherston@shreveportla.gov> 08/05/2016 11:03 AM >>>

Will do. Della is working on reports for me. I will see where she is with that. I will be back Monday and we can discuss.

Barbara Featherston, P.E., BCEE
City of Shreveport
Director of Water and Sewerage

From: William Bradford
Sent: Friday, August 5, 2016 11:28 AM
To: Barbara Featherston
Subject: Water rate adjustments

Barbara,

Can you please provide me with the process you would use to calculate the savings discussed with MANCHAC? Also, can you run the numbers to determine how much it would be so that I can calculate the 10% offer. I also need a timeline. This one is getting a little touchy so call me to discuss when you can.

Thanks,

William C. Bradford, Jr.
City Attorney
505 Travis Street
Shreveport, Louisiana 71101
Phone: (318) 673-5200
Fax: (318) 673-5230
Email: william.bradford@shreveportla.gov

— Attachments:

Residential Consumptions 2015-2016_8000up bef.xlsx

16.7 KB

Year 2015	Month	February	March	April	May	June	July	August	September	October	November
8000 gallons	8000 gallons	1,407	2,344	1,776	1,843	2,208	2,184	2,350	2,437	2,356	2,633
	9000 gallons	784	1,640	1,150	1,212	1,406	1,484	1,617	1,602	1,593	1,780
	10000 gallons	606	1,314	801	856	1,064	1,157	1,405	1,335	1,282	1,382
	11000 gallons	460	1,102	579	772	874	1,077	1,415	1,308	1,242	1,220
	12000 gallons	286	846	394	444	645	740	972	898	832	818
	13000 gallons	251	608	321	390	463	563	858	732	761	660
	14000 gallons	214	586	268	337	487	558	901	790	780	607
	15000 gallons	123	405	202	269	330	409	692	540	545	425
	16000 gallons	115	351	131	224	277	365	600	496	505	363
	17000 gallons	94	255	146	161	274	346	621	512	476	364
18000 gallons	18000 gallons	71	211	101	142	231	273	489	406	397	249
	19000 gallons	49	195	105	111	197	267	434	345	371	229
	20000 gallons	50	138	94	138	170	253	460	380	405	229
	21000 gallons	33	102	62	94	128	199	371	309	318	174
	22000 gallons	36	108	56	69	127	173	329	277	260	150
	23000 gallons	32	95	54	76	119	160	332	270	297	137
	24000 gallons	27	73	52	50	88	123	315	244	218	109
	25000 + gallons	347	633	528	681	1,067	1,968	5,507	4,012	3,970	1,508
	Subtotals	4,985	11,006	6,820	7,869	10,155	12,299	19,668	16,893	16,608	13,037

Year 2016	Month								
Amount	January	February	March	April	May	June	July	Total	
8000 gallons	2,849	1,893	1,950	2,270	2,254	2,576	2,664	16,456	\$1.32
9000 gallons	1,755	1,088	1,196	1,532	1,432	1,770	1,804	10,577	\$2.64
10000 gallons	1,311	769	896	1,145	1,049	1,274	1,439	7,883	\$3.96
11000 gallons	1,094	583	649	915	880	1,115	1,388	6,624	\$3.96
12000 gallons	638	429	431	660	664	810	969	4,601	\$3.96

13000 gallons	553	333	355	501	491	667	891	3,791	\$3.96
14000 gallons	493	278	295	437	455	564	766	3,288	\$3.96
15000 gallons	293	178	201	278	287	479	621	2,337	\$4.48
16000 gallons	267	173	166	268	260	348	552	2,034	\$5.00
17000 gallons	190	143	183	242	244	341	529	1,872	\$5.52
18000 gallons	145	103	110	186	199	260	430	1,433	\$6.04
19000 gallons	159	107	82	159	192	245	374	1,318	\$6.56
20000 gallons	129	69	101	152	168	240	358	1,217	\$7.08
21000 gallons	93	62	73	120	127	186	297	958	\$7.60
22000 gallons	73	36	72	106	113	195	291	886	\$8.12
23000 gallons	82	42	49	104	120	166	287	850	\$8.64
24000 gallons	44	49	53	76	72	123	245	662	\$9.16
25000 + gallons	648	482	535	953	1,097	1,820	3,950	9,485	\$9.68
Subtotals	10,816	6,817	7,397	10,104	10,104	13,179	17,855	76,272	

Total

**This report is based on the property class of each active account.

December	Total		
1,998	23,536	\$1.32	\$31,067.52
1,155	15,423	\$2.64	\$40,716.72
881	12,083	\$3.96	\$47,848.68
681	10,730	\$3.96	\$42,490.80
429	7,304	\$3.96	\$28,923.84
352	5,959	\$3.96	\$23,597.64
302	5,830	\$3.96	\$23,086.80
191	4,131	\$4.48	\$18,506.88
163	3,590	\$5.00	\$17,950.00
200	3,449	\$5.52	\$19,038.48
116	2,686	\$6.04	\$16,223.44
121	2,424	\$6.56	\$15,901.44
109	2,426	\$7.08	\$17,176.08
78	1,868	\$7.60	\$14,196.80
65	1,650	\$8.12	\$13,398.00
52	1,624	\$8.64	\$14,031.36
40	1,339	\$9.16	\$12,265.24
594	20,815	\$9.68	\$201,489.20
7,527	126,867		\$597,908.92

\$21,721.92
 \$27,923.28
 \$31,216.68
 \$26,231.04
 \$18,219.96

\$15,012.36
\$13,020.48
\$10,469.76
\$10,170.00
\$10,333.44
\$8,655.32
\$8,646.08
\$8,616.36
\$7,280.80
\$7,194.32
\$7,344.00
\$6,063.92

\$91,814.80

\$329,934.52

\$927,843.44

MICHAEL H. WAINWRIGHT
ATTORNEY AT LAW

August 29, 2016

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

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 there from.**

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

MICHAEL H. WAINWRIGHT
Attorney at Law

September 12, 2016

Mr. William C. Bradford, Jr.

City Attorney

City of Shreveport

505 Travis Street, Suite 420

Shreveport, LA 71101

RECEIVED

09-10-10 PUL:JUL RCV
 SEP 16 2016

CITY ATTORNEY'S OFFICE
 SHREVEPORT, LA

VIA CERTIFIED U.S. MAIL #7013 1090 0002 0446 6032

Re: Water Tier billing

Dear Mr. Bradford:

Let me begin by echoing the hope you expressed in the final sentence of your August 30, 2016 letter, "that this discussion can return to a civil discourse." Mr. Bradford, Shreveport was my home for more than fifty years and I invested a great deal of time in both civic and political service to that community. While your letter certainly does not indicate that you would agree, I can assure you that all of my efforts in this matter have been directed toward reaching a win-win resolution for everyone.

The ubiquitous element that overrides everything else is that the City is now benefitting from a substantial increase in its revenues without having to impose any new taxes or fees. That increase, estimated to range from \$1,000,000 to \$1,600,000 or more, per year, will continue for the foreseeable future.

That increase was made possible only by utilization of Confidential Information that was made known to the City pursuant to the "Confidentiality and Non-Disclosure Agreement" dated April 21, 2016 ("NDA") between Manchac Consulting Group, Inc ("Manchac") and the City. The Tyler Administration had no clue that it had negligently botched setting up the water tier system called for in the Ordinance. Until the error

97 Country Club Circle
mhwlaw1@gmail.com

Brevard, NC 28712
 La. Bar #13155

(318) 470 9393
 (828) 884 5798

was discovered, deciphered and then explained to the City no one at the City knew of its mistake. Had we not informed the City the costly error would have continued. The fact that the Confidential Information could be verified by a review of water bills does not alter the fact that the City was wholly unaware that they had negligently set up a billing program that resulted in widespread under billing for residential water consumption. That costly error had gone undetected and uncorrected since February, 2015 and would most certainly have continued indefinitely had we not made the City aware of its mistake. While you may "question whether any of the information in dispute is proprietary or confidential" the chronology and facts make any such questioning unpersuasive.

What your letter characterizes as "clandestine efforts" would more accurately be described as quotidian, prudent elements of due diligence. When we first learned of and decoded the nature of the City's error, we enlisted expert assistance from an engineer and an attorney who were well qualified by training and experience to evaluate and present the information to the City.

While transparency is understandably expected of a governmental entity, Manchac and Mr. Grubb were under no duty to disclose any third parties' interest in the proprietary information. As long as the third parties authorized and consented to Manchac's actions, there was no falsification or bad faith misrepresentation made to the City. In fact, Louisiana jurisprudence, affords undisclosed principals, in these circumstances, the right to independently file suit against the City to enforce the NDA.

Our authorization and consent was contingent on the City's execution of the NDA, because otherwise the City could utilize the Confidential Information to correct its costly error without paying just compensation for that information. "Just compensation" is unarguably a matter about which there can be differences of opinion. Apparently the City feels that 10% of the losses which the billing error caused between February 1, 2015 and August 1, 2016, would be just compensation. This valuation fails to give adequate consideration to the millions of dollars of additional revenue the City will collect as a direct result of this correction. Our original proposal defined just compensation as 25% of the revenue

enhancement for only the first four years. Thereafter, the City would get 100% of this additional money.

Likewise the City's notion of just compensation fails to factor in the costs of possible litigation now that the City has violated the NDA.

Ironically, by the City's clear, intentional, unambiguous and unauthorized utilization of the Confidential Information in blatant violation of the NDA, there are now two additional compensation scenarios at play. The penalty provisions in pertinent part provide:

Recipient [City] 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.

The City's unauthorized utilization of the Confidential Information in each and every August water bill that was increased by application of the correct water tier would constitute a separate and distinct violation. During the month of August alone this would conservatively include 15,000 to 20,000 residential billings or more. September and subsequent months will each produce a similar number. Consequently, the "greater" will be the \$10,000 per unauthorized utilization. Even the "25% of all ... increase in revenue" would be far greater than the original proposal that called for 25% for just the first four years.

Those are the explicit terms of the NDA the City agreed to and it is clear under Louisiana law that legal agreements have the effect of law upon the parties, and, as they bind themselves, they shall be held to a full performance of the obligations flowing therefrom. *Belle Pass Terminal, Inc. v. Jolin, Inc.*, 634 So.2d 466, 479 (La.App. 1st Cir. 1994), *writ denied*, 638 So.2d 1094 (La. 1994); *Spohrer v. Spohrer*, 610 So.2d 849, 851-52 (La.App. 1st Cir.1992). In other words, a contract between parties is the law between them, and the courts are obligated to give legal effect to such contracts.

The language of the NDA, including the foregoing penalty for "any unauthorized disclosure and/or utilization of Confidential Information by Recipient [City]" is "clear and explicit and lead to no absurd consequences, no further interpretation may be made in the search of the parties' intent." LSA-C.C. art. 2646, *Belle Pass, supra* at 479. The penalty provision was purposely severe to dissuade even the mere consideration of an unauthorized disclosure and/or utilization of the Confidential Information.

Furthermore, we certainly agree with your assertion that "an organization such as Manchac or an individual as well versed in municipal law as you could not expect the City of Shreveport not to properly enforce its own laws when a misapplication of that enforcement is brought to its attention. This is a matter of public policy." In fact, we find it appalling and perplexing that even though the City first learned of the "misapplication" on April 21, 2016, it fooled around for over three (3) months not "properly enforcing its own laws" until the August water billing cycle. That delay alone costs the City over an additional one-half million dollars in under billings.

No, Mr. Bradford, the proper, prudent and lawful thing the City should have done was to enter immediately into good faith negotiations to obtain authorization to lawfully utilize the Confidential Information. It is precisely this "matter of public policy" that should have obligated the City to respond to our timeline. Our only over-estimations were our belief that the City would afford this matter the urgency that it merited and that the City would scrupulously adhere to the terms and conditions of the NDA.

On the subject of public policy, Chapter 12.03 of the City's Ordinances requires the City Council to fix the rates to be charged for water and dictates "The rates shall be fixed to assure the utility remains a self-supporting business enterprise." The City Council under the Glover Administration discharged that duty in proposing the tier water rate structure. It was the current administration that failed to properly implement that structure and negligently set up a billing program that systematically under billed a significant portion of residential customers. While that error, may or may not constitute a violation of **Article 7, Section**

14 of the Louisiana Constitution, it does run afoul of the Shreveport City Charter Section 10.1 which mandates that the Department of Finance "collect all funds due the City and each department thereof." Since February, 2015, "all the funds due the City" include the full amounts which should have been billed each and every month in compliance with the water tier billing structure adopted by the City. This is among some of the ramifications that made us use discretion and quietly proceed toward trying to reach an acceptable resolution.

Interestingly, this is the section of the City Charter that led the City Council to adopt **Resolution 114 of 2009** that set up a mechanism to collect all sums due the City. An integral part of that process routinely produces contingency contracts that pay **25% or more** to collection agencies/attorneys **on all sums** they are able to collect. Sometimes, the posting of a simple demand letter is all that is required to earn that fee. How can you characterize our compensation requests as being "well in excess of any articulable value" when our services will mean millions of dollars in increased revenue to the City.

Mr. Bradford, your letter is replete with pejorative phrases like "plethora of unfounded allegations," "clandestine efforts," "lack of transparency," "outright falsities," "clear bad faith misrepresentations," "negotiated in bad faith" "surreptitiously force" "deceptive tactics," "veiled threats," and "improper and counter-productive." Talk about a "plethora of unfounded allegations." The "clandestine efforts" were your characterization of the enlisting of experts. The "lack of transparency," "outright falsities", "clear bad faith misrepresentations", and "negotiated in bad faith" all apparently flow from the non-disclosure of third party principals when in fact no duty to disclose existed. Do you think the leasing agents for Chesapeake Energy had a duty to disclose their agency status when they were leasing up land in Desoto and Caddo Parishes before the Haynesville Shale became widely known? Efforts to be discreet and private are labeled by you as attempts to "surreptitiously force." Which of our efforts merited a "deceptive tactics," "veiled threats" or "improper and counter-productive" monikers is beyond my comprehension. Needless to say, if we do reach a state of civil discourse, it will require a new day because your letter certainly did not embody that concept.

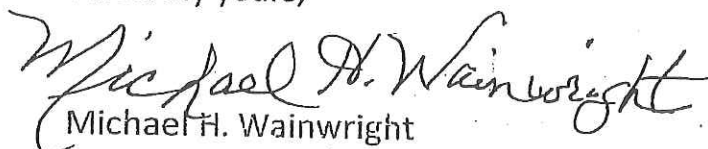
97 Country Club Circle
mhwlaw1@gmail.com

Brevard, NC 28712
La. Bar #13155

(318) 470 9393
(828) 884 5798

In what can only be characterized as a chimerical "triumph of hope over experience" I once again appeal to the City to focus on the tremendous economic benefit¹ it will continue to reap from use of the Confidential Information the City used and agree to pay a just compensation that takes into account that benefit. The opportunity still remains for a win-win resolution, but only if the City steps forward with a realistic proposal without further delay. Realizing how adverse you are to any attempts to arbitrarily dictate a timetable, no such deadline will be set. We will simply move forward once we've afforded you the opportunity we feel sufficient to give the matter your utmost attention and highest priority.

Sincerely yours,


Michael H. Wainwright

Cc: Ollie S. Tyler, Mayor
Brian Crawford, CAO
Barbara Featherston, Director of Water & Sewerage

¹ Arguably it will likely constitute the largest return on investment the City would realize during Mayor Tyler's first term.