

Legislation Text

File #: 2018-533, **Version:** 1

Arbitration Authorization of United House of Prayer, LLC v City of Detroit 15-009083

Agenda of: January 10, 2018

Item No.: **2018-533**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Randal Brown, General Counsel
Great Lakes Water Authority

DATE: January 10, 2018

RE: ***Arbitration Authorization of United House of Prayer, LLC v City of Detroit, 15-009083***

MOTION

Upon recommendation and opinion of Randal M. Brown, General Counsel, the Board of Directors (Board) for the Great Lakes Water Authority (GLWA) authorizes:

- (1) GLWA's General Counsel to file a demand for arbitration, pursuant to the Leases, to determine:
 - a. GLWA's liability for DWSD *pre*-Effective Date litigation liabilities under the Leases and other Agreements, in the *United House of Prayer LLC v City of Detroit* matter.
 - b. GLWA's liability for DWSD-*post*-Effective Date litigation liabilities under the Leases and other Agreements, in the *United House of Prayer LLC v City of Detroit* matter.
 - c. Whether the Leases proscribe, in any way, GLWA's ability to allocate litigation liability costs and expenses amongst DWSD-R and GLWA in the *United House of Prayer v City of Detroit* matter,
 - d. The appropriate allocation of litigation liability costs and expenses between GLWA and DWSD-R in the *United House of Prayer v City of Detroit* matter, and
 - e. The subsequent recovery of litigation liability costs and expenses by GLWA or DWSD-R in the *United House of Prayer v City of Detroit* matter.

The arbitration shall be conducted jointly with the Board authorized arbitration of the *Michigan Warehousing v City of Detroit* matter [See Resolution 2017-466].

BACKGROUND

The above referenced litigation involves claims against the City of Detroit related to its calculation of certain Retail Sewer Customer charges. The litigation involves claims arising before and after the January 1, 2016 Effective Date of the Lease between the City of Detroit and GLWA (the “Effective Date”). Article IV of the Lease provides that upon its Effective Date, GLWA received certain cash and receivables of DWSD and assumed certain liabilities associated with those receivables. Because the litigation involves claims arising before and after the Effective Date, it triggers the provisions of Article IV and should be resolved as part of the Lease implementation issues between DWSD and GLWA. In taking this action, the Board has been advised that the cash collected from Retail Water Customers receivables assigned to GLWA pursuant to the Lease will be the sole source relied upon by GLWA for its allocation of the settlement.

JUSTIFICATION

The Background and Justification for the proposed strategic authorization have been discussed with the Board.

BUDGET IMPACT

To the extent there are expenses associated with this authorization, those expenses are within levels and programs authorized as a part of the GLWA’s budget.

COMMITTEE REVIEW

This matter was sent directly to the Full Board.

SHARED SERVICES IMPACT

This matter does not impact the Shared Services Agreement executed by the GLWA and DWSD.