



City of Grosse Pointe Farms
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PRESS RELEASE

FOR IMMEDIATE RELEASE

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City Council Approves Terms of a Settlement Agreement in Lawsuits for 2011 Basement Flooding

City of Grosse Pointe Farms, Mich., reached a settlement in the matters of David Sinclair, et al. v. City of Grosse Pointe Farms, Lawrence Cholody, et, al. v. City of Grosse Pointe Farms and all other related subrogation suits filed by insurance carriers for claims relating to basement flooding during the months of May and September of 2011. Both flooding events were associated with intense rainfall, exceeding monthly averages in less than a day, and temporary loss of power to the City's Kerby Road Pump Station.

Though the settlement includes no admission of fault on the part of the City, significant upgrades have been made to the Kerby Road Pump Station since the 2011 events, including the installation of a backup generator at a cost of \$3.5 million dollars and other improvements.

The amount of settlement for all claims relating to the 2011 flooding events, including 593 residential claims, is \$4.0 million. The parties have tentatively agreed upon the terms of the settlement agreement which must be approved by the court. As part of the settlement, the City has also committed to expend additional funds for future system improvements, pending the outcome of a current study of the combined sewer system. According to City Manager Shane Reeside, payment of the settlement will be financed through the City's current debt structure and within the confines of the existing millage rate. There will be no additional costs to Grosse Pointe Farms residents.

In a statement from Mayor James Farquhar, "It has been six years of legal challenges and negotiations, and going to trial could take many more years. The flooding in 2011 was a significant hardship to many of our residents and we believe that it is in everyone's best interest to move forward as a community and to continue our improvements to the system."

The City will have no involvement in calculating the proportion of the settlement proceeds to be received by individual claimants. The claimants' counsel will be solely responsible for the calculation and distribution of the respective shares of the settlement proceeds to individual claimants, according to a procedure and timetable approved by the court. The City will deliver the aggregate settlement proceeds to claimants' counsel in accordance with the terms of the Court's order approving the resolution. Further questions related to the timing and amount of individual distributions should be submitted to claimants' counsel.

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