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September 20, 2005

Mr. Todd M. Hare, Chairman
Saginaw County Board of Commissioners
111 South Michigan Avenue
Saginaw, MI 48602

hand delivered

RE: Upper Saginaw River Dredging Project

Dear Chairman Hare:

As the Executive Committee considers Mr. Koski's communication this date relative to the above referenced matter, I wanted to provide information regarding this project in addition to the Project Cooperation Agreement ("Agreement") that was enclosed for the Committee's review with today's agenda.

As you are aware, commencing in 2002, the County agreed to be the local sponsor¹ in order to initiate the dredging of the Upper Saginaw River. And, as noted in several Board communications, the local sponsor is responsible for securing funds and providing all lands, easements and rights of way for a dredged material disposal site.

As explicitly stated in the Agreement itself, the federal government (through the Army Corps of Engineers) is obligating the County to several commitments, among them: the acquisition of lands, easements and rights of way; certain costs, as indicated in several provisions in the Agreement; and holding the federal government harmless from all damages arising from the construction or operation and maintenance of the project, but for the fault or negligence of the federal government or its contractors.

Although it is my understanding that federal, state and other funds will pay the County's costs incurred as the local sponsor, it must be made clear that the County is ultimately responsible for any and all costs, as specified in the Agreement, which may include, among other things, costs of clean-up and response, including studies and investigations necessary to determine an appropriate response, in the event of contamination.

In that regard, in addition to the commitments being made under the Agreement, please

¹ Referred to in the Project Cooperation Agreement as the Non-Federal Sponsor.

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be advised of the inherent liability risks that attach to ownership and maintenance of such a disposal facility, including but not limited to causes of action under state and federal environmental laws. I understand the activity being undertaken by the County at this point has been permitted by the appropriate state and federal authorities, which may provide a defense to some causes of action, however, the possibility still exists that a cause of action could be brought in the future for damages related to the ownership or operation of this facility. To that end, I have advised the Controller and Risk Manager to acquire requisite insurance coverage and I understand they are addressing that matter presently.

Finally, in the event the Committee recommends approval and execution of this Agreement, I advise that in addition to Mr. Koski's signature, the standard signature page be attached in lieu of the Certificate of Authority as offered by the federal government, as the County Attorney is not authorized to commit, on behalf of the County, to the capability to perform under the terms of the Agreement.

If you have any questions about this matter, please contact me. Yours

very truly,



Andre R. Borrello



Marc A. McGill
James Koski
Kelly Suppes