



City Of Kenmore, Washington

September 26, 2018

Heidi C. Wiley
Washington State Auditor's Office
40 Lake Bellevue Drive, Suite 123
Bellevue, WA 98005

As requested, the following is a list of legal matters that I am aware of that meet the limitations below.

1. A list of all litigation, claims and assessments, including threatened or unasserted claims that are probable of assertion and that, if asserted, would have at least a reasonable possibility of an unfavorable outcome. The list may be limited to matters involving amounts over \$50,000, individually or in the aggregate. For each matter, the list should include:
 - a. A description of the matter, including the period in which the underlying cause for legal action occurred.
 - b. Progress of the matter to date and how the government is responding or intends to respond, if applicable (for example: seeking arbitration, contesting the case, appealing the verdict, seeking an out-of-court settlement, etc).
 - c. Whether the matter has been referred to external legal counsel.

"I'm handling Kenmore v. El-Sharawy. The original claim alleged losses upwards of \$2M, but we defeated those claims at summary judgment. We further amended the pleading to allege our own claims for public nuisance. A preliminary injunction and contempt order were entered against Mr. El-Sharawy, at which point he cured the safety issue arising on his property. The City ultimately secured a judgment against him for approximately \$48K in fees and costs—which we're seeking to collect through lawful debt collection. He is appealing the judgment.

I'm also handling the Ridout matter, which is pre-suit. At this point, there is little risk to the City.

Hopefully this was helpful. Let me know if you need more.

*Adam
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2. A statement regarding whether any of the matters listed have a reasonable possibility of resulting in a loss of more than \$50,000 or a loss that cannot be estimated. If any such matters exist, please either include the following information for each matter with the list or arrange for a time to discuss this information verbally with the auditor:
 - a. The likelihood of an unfavorable outcome.
 - b. The estimated amount or range of the potential loss before insurance coverage is applied.
 - c. The extent to which losses will be covered by insurance or a risk pool and whether there are any disputes, disagreements or uncertainties regarding whether the insurer will pay the claim as expected.

Please see a Claim for Damages (sent by email to you) which was recently received (Sept 2018) and has been assigned to Washington Cities Insurance Authority (WCIA) for defense (\$500,000 claimed). It cannot be estimated at this time what the amount of the loss might be, which would be paid by WCIA.

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Insurance Building, P.O. Box 40021 • Olympia, Washington 98504-0021 • Pat.McCarthy@sao.wa.gov

3. The nature and reasons for any limitation in your response.

These are all the legal matters I am aware of that are currently open and pending that could result in a settlement greater than \$50,000.

Sincerely,



Joanne M. Gregory
Director of Finance and Administration