



**City  
of  
Milwaukee  
Health Department**

Tom Barrett  
Mayor

Bevan K. Baker, FACHE  
Commissioner of Health

Administration

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July 18, 2007

Milwaukee Health Services Inc.  
Attn: C.C. Henderson  
President and Chief Executive Officer  
2555 N. Martin Luther King Drive  
Milwaukee, WI 53212

Dear Mr. Henderson:

Thank you for the recent update on the preliminary audit for Milwaukee Health Services Inc. (MHSI) indicating an approximate \$1.7 million surplus in the Fiscal Year 2006–2007 (ending January 31, 2007).

In the previous agreement adopted by Common Council by Resolution 031612 in 2004, 10% of any surplus in excess of \$500,000 or more that MHSI realized in any fiscal year be paid to the City of Milwaukee. In order to settle the outstanding \$365,520.48 MHSI accounts receivable balance, you have recently proposed a one time payment of \$109,656 in order to discharge the remaining balance of \$255,864.48. Given the estimated FY 2006-2007 surplus disclosed this week, the City of Milwaukee is proposing a counter-offer including an additional 5% of the FY 2006-2007 \$1.7 million surplus or an estimated \$85,000. With your previous offer of settlement of \$109,656, the counter-offer would bring the total one time payment to the City of Milwaukee to an estimated \$194,656. Consistent with your proposal, with MHSI payment of an estimated \$194,656, the City would cancel the remaining estimated \$170,864 remaining MHSI accounts receivable balance. This agreement would need to be approved by the Common Council.

The final MHSI payment amount is dependent on the actual audited FY 2006-2007 surplus total, with 5% of the audited surplus being added to the \$109,656. Therefore, upon review of your final FY 2006-2007 audited financial statements, the City Comptroller will validate this settlement agreement amount. We understand that final audited financial statements will be available within the next two business weeks such that final payment can be made by MHSI as soon as possible but no later than August 31, 2007.

If you have any questions or require additional information do not hesitate to contact me.

Sincerely,

Bevan K. Baker, FACHE  
Commissioner of Health

*Think Health. Act Now!*