



Forensic Audit Findings Report

City of Pontiac, Michigan

Unauthorized Disclosure Prohibited



17548 NW Springville Rd.
Suite #F17
Portland, OR 97229
(971) 266-1846
Info@MarshMinick.com
www.MarshMinick.com

July 31, 2022

Prepared for: City of Pontiac, Michigan
RE: Forensic Audit Findings Report

Please accept the enclosed findings in response to the forensic audit of the City of Pontiac (“City” and “Pontiac”). The forensic audit Findings are on pages #6 through #157 and Recommendations start on page #158 in this report. There were two major areas of findings that resulted from the forensic audit: 1) Contracts and 2) Conduct.

There were improper practices with contracts and conduct that was demonstrated to have been widespread to all aspects of the City purchasing and contracting processes. Based on the examples of the citywide dysfunction with contracting and conduct, the resulting financial impact was \$1,627,361.81.

- The improper practices with contracts included operating without a contract, contracts not duly executed, retroactive contracts executed after services were performed, misleading contract pricing and terms, unauthorized spending and excessive spending above allowed limits.
- The problematic conduct included instances of careless spending, incurring of unnecessary expenses, taking of public records, personal travel and personal use of City resources, conversion of a grant for a foundation where there was a personal interest, and conflicts with City contractors, partners, and vendors.

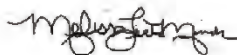
Recommendations for improvement include recourse and recovery possibilities and suggested improvements to contracting and financial control practice.

This findings report contains evidence-based findings, which are not a matter of opinion. The forensic audit was conducted by certified fraud examiners and financial crime investigators, with advanced degrees in financial fraud and forensics.

Sincerely,



Brandi Marsh
MS, CAMS, CFE, CFCI



Melissa Frick Minick
MS, CFE, CFCI



Table of Contents

Forensic Audit Finding Report – City of Pontiac	1
Findings - Contracts.....	6
Example 1	10
Example 2.....	36
Example 3.....	55
Example 4.....	74
Findings - Conduct	94
State of the City and Farewell Celebration	98
Foundation and grants.....	112
Careless spending and unnecessary expenses	128
Example 1.....	129
Example 2.....	135
Example 3.....	139
Records of a public office	143
Electronic communication used for not permissible purposes	149
Recommendations.....	158
Enclosure.....	172



Forensic Audit Findings Report – City of Pontiac

Forensic Audit Team

Brandi Marsh, MS, CFE, CAMS, CFCI

Melissa Frick Minick, MS, CFE, CFCI

Marsh Minick, P.C.

Referred collectively as: “Forensic Auditors”, “Examiners”, and “Marsh Minick”.

Background

The City issued a Request for Proposal (“RFP”) in January 2021 describing the need for forensic audit services, and in response Marsh Minick submitted a proposal and scope of work plan. The contract was executed April 19, 2022 and the forensic audit services started on May 2, 2022. Forensic audit services concluded on July 31, 2022 with the issuance of this findings report.

Predicate

There were *allegations* that predicated the necessity of this forensic audit, and a summary of the primary concerns alleged by individuals associated with the City were as follows:

- Official misconduct and wrongdoing
- Mishandling of financial affairs
- Irreconcilable disagreements
- Breakdown of critical financial handling controls
- Dysfunction in carrying out responsibilities and duties
- Excessive and non-prudent spending
- Missing and manipulated documentation
- Misrepresentation of expenditures and contracts
- Circumvention of policies, ordinances, and resolutions
- Abuse of position and authority
- Conflicts of interest and corruption
- Misuse of public funds



Scope

The scope period for the forensic audit was from January 1, 2014 to March 31, 2022 (eight-years and one-quarter).

Procedures

The forensic audit was performed in an orderly process consisting of four phases:

1. Information Gathering
2. Financial Analysis and Forensic Testing
3. Compilation of Results
4. Report and Recommendations

Information Gathering

In total there was over 554 GB of information gathered during the forensic audit consisting of the following activities:

- At the onset of the forensic audit there was an onsite inspection over four days from Tuesday, May 3, 2022 to Friday, May 6, 2022 at Pontiac's City Hall located at 47450 Woodward Avenue
 - While onsite the forensic auditors scanned physical paper-based records and computerized data was obtained
- The City fulfilled two Information Requests, which included bank statements, financial system exports, financial reports and records, emails, computer desktop and shared drives, internal work-sheets, and other papers and data
- Forensic auditors submitted five FOIAs and collected information from County Offices and a State agency
- Interviews were held with 52 individuals who were current and former City officials, leadership, management, employees, contractors, partners, vendors, and citizens
 - The former Mayoral officeholder was the only person to decline to participate
 - There were 11 individuals that were non-responsive to requests to participate



- Information and data obtained directly from individuals that participated in interviews
- City's website and City Clerk's website documentation, including City Council packets, meeting minutes, as well as Charter, ordinances and resolutions
- News and social media searches and other internet research of City affairs
- Investigative queries using public information databases

Forensic Analysis and Testing

The totality of information gathered was used to prepare and perform the Forensic Analysis and Testing phase. The examination efforts were risk based and focused on the areas with perceived heightened risk of the possibility of impropriety. The forensic analysis and testing entailed a comparative analysis on an item-by-item and record-to-record basis. The forensic auditors used empirical scientific methods of observation and experimentation, in combination with evidence from primary and secondary sources. The data, information, and records gathered were compared with the predicated allegations, and the objective was to identify evidence of instances of fraud, waste, abuse, and misconduct, should they exist.

The *baseline definitions* of fraud, waste, abuse, and misconduct were derived from the standards set forth by the Association of Certified Fraud Examiners, United States Government Accountability Office (GAO-14-704G, Standards for Internal Control: Green Book) and Office of Government Ethics, and the State of Michigan Office of the Auditor General.

Definition of Fraud¹:

- A dishonest and deliberate course of action that results in a person committing an action to obtain a benefit they would not normally be entitled
- Intentional misleading or deceitful conduct that deprives the public of its resources or rights
- Obtaining something of value through willful misrepresentation

¹ Whether an act is in fact fraud is a determination to be made through a judicial or other adjudicative system and is beyond the forensic auditor's professional responsibility



Definition of Waste:

- The needless, careless, or extravagant expenditure of public funds or mismanagement of resources or property
- Incurring unnecessary expenses for no reasonable purpose
- Poor management decisions, practices, and controls
- Inappropriate actions and inadequate oversight

Definition of Abuse:

- Behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given the facts and circumstances
- Misuse of authority or position for personal financial interest or those of a family member, friend, or business associate
- Excessive or improper use of an official or employee's official position

Definition of Misconduct:

- Personally and substantially participating in conflicts of interest between officials, employees, or contractors about official matters where there is a financial interest
- Intentional failure to adhere with or circumvention of internal controls and policies
- Wrongly using influence in a business transaction to procure some benefit for themselves
- Acting contrary to official oaths, duties, and responsibilities to the public office or department
- Intentional, wrongful, or improper use or destruction of public resources or seriously improper practices

Compilation of Results

The evidence and results were compiled to determine the condition, cause and effect, after the completion of the Forensic Analysis and Testing phase. The purpose of compilation of results was to understand the findings, conclusions, and recommendations that would be



provided in this forensic findings audit report. Conditions that existed which were impactful and quantifiable were considered, as well as the factors identified as being responsible for the conditions.

Fact checking and verification steps were performed when the compilation of results occurred. To corroborate evidence and allegations, examiners sought to substantiate factual experiences. Evidence received was evaluated based on significance to the scope of objectives and predicate. The forensic auditors performed due diligence to validate completeness and accuracy of information, records, and data where possible, for reasonably reliable findings. Due diligence entailed repeated probing, questioning, and scrutinizing of the same topics, documents, records and files sourced from a multitude of public bodies, companies, organizations, and individuals. This procedure allowed examiners to observe whether information matched, and if there were corroborated recollections and evidence. The forensic examiners also considered observational trends or patterns that emerged during the examination into the reliability of information, data, and records.

Report and Recommendations

The compilation of forensic audit results and accompanying recommendations were provided in this findings report. This findings report was fact based and derived from evidence, which are not matters of opinion. Recommendations are suggestions for improvement that are optional, and may have varying degrees of priority and importance as determined by the City. Forensic auditors will provide the City with a verbal summary of the findings contained in this report.

Forensic Auditor Statements

A forensic audit cannot be expected to prevent or detect all instances of malfeasance and impropriety that may have occurred in the past and/or may occur in the future, including, fraud, waste, abuse, corruption, or misconduct. Findings were based on observations and evidence discovered during the course of the scope of work performed.



Findings

Contracts

There was recurring evidence of contracts that were not duly executed, unauthorized, missing, or had defaulted. All instances of spending when the City was operating without a contract or an unauthorized contract demonstrated internal control breakdowns. The problematic contracts were in conflict with the duties of the Mayor, Finance Director, and City Attorney. Those three critical positions had duties for the purchasing and contracting processes as detailed on the City Charter and Municipal Code¹.

DIVISION 1. OFFICE OF THE MAYOR

2-71 Established; responsibilities generally.

There is hereby established the Office of the Mayor, which shall have the primary responsibility for overseeing the day-to-day administrative and executive functions of the City. The Office of the Mayor shall also be responsible for administering all contracts in which services are provided to the City that assist the Mayor in fulfilling the responsibilities of his office that are not directly assigned to any other department, such as the contracts for law enforcement, fire protection, and legal services.

(Ord. No. 2287, § 1(A), 6-27-13)

Chapter 1 – Mayor

4.102 Duties of the Mayor

The Mayor possesses all powers inherent in being the chief operating officer of the executive branch, including:

- a) Seeing that laws and ordinances are faithfully executed;
- b) Presenting the proposed annual budget and a state of the City address;
- c) Supervising expenditures of all sums appropriated to and the attainment of all objectives established for departments of the executive branch.

2-88 Director.

There shall be a Director of the Department of Finance (Finance Director), whose appointment and remuneration shall be in accord with the procedures provided for in the Charter. The Director of the Department of Finance shall have the overall supervisory and administrative responsibilities pertaining to the administration and implementation of the functions described in section 2-87. The Director shall be responsible for ensuring that all of the duties and responsibilities of the Department identified in the Code of Ordinances are executed in a fair and legal manner. The Director shall be responsible for administering all contracts in which services are provided to the City that assist the Director in fulfilling the responsibilities of his position. The Director may hire such number of full-time, part-time, or seasonal employees as the City budget shall authorize to assist him in fulfilling the responsibilities of his position. The Finance Director shall have a master's degree in accounting, business administration, finance, or public administration and at least five years' experience in accounting, budgeting, and finance, of which at least two years shall have been in the public sector.

(Code 1985, § 2-33; Ord. No. 2287, § 1(A), 6-27-13)

4.301 Finance Department

A Finance Department is created in the executive branch of City government.

The Finance Director shall have direct supervision over the finance department and the administration of the financial affairs of the City, including the keeping of accounts and financial records, the collection of taxes, special assessments and other revenue, and such other duties as may be prescribed by ordinance.

Chapter 2 – Law Department

4.202 Duties of City Attorney

The director of the law department must be an attorney licensed to practice in Michigan and shall be called the "City Attorney." The City Attorney is responsible for:

- a) Supervising the conduct of all the legal business of the City and its departments;
- b) Drafting all ordinance proposals and approving them as to form;
- c) Preparing such leases, deeds, contracts or other papers as may be required by the Mayor, Council or any department;
- d) Furnishing written legal opinions when requested by the Mayor, the Council or any department;
- e) Instituting and conducting, on behalf of the People, all cases arising from the provisions of this charter or ordinances and, when authorized by law, cases under the state law;
- f) Defending all actions or proceedings against the City;
- g) Prosecuting all civil actions to which the City is a party or in which the City has an interest, when directed to do so by the Mayor; notice of any such action shall immediately be given to the City Council;
- h) Representing any elective officer or appointee of the City in any action or proceeding.

¹ <https://www.codepublishing.com/MI/Pontiac/>



2-521 Professional service contracts.

(a) Professional service contracts are excluded from the provisions of this division. The Mayor shall with the concurrence of the Council adopt administrative rules regarding the retention of professional services. However, any contract for professional services, except for legal and accounting services, during the course of a fiscal year in excess of \$10,000.00 must have the approval of the Council, unless the services required are of an emergency nature attested in writing by the department head requesting the service, the Finance Director, the Purchasing Agent, and the Mayor. Such emergency contracts shall be forwarded to City Council for their information along with the attestation.

(b) The Mayor, with the concurrence of the Finance Director and City Attorney, may secure the services of law firms and accounting firms up to \$500,000.00 per year without a formal contract approved by City Council, provided, that there are funds available in the City's budget for such services. The use of attorneys and accounting firms under this provision is not intended to establish a long-term relationship with the City, but rather to address a specific need expressed by the City Attorney or Finance Director in writing.

(Code 1985, § 2-31; Ord. No. 2015, § 1, 6-2-94; Ord. No. 2233, § 1, 2-29-12; Ord. No. 2289, § 1, 6-2-

Ordinance No. 2289

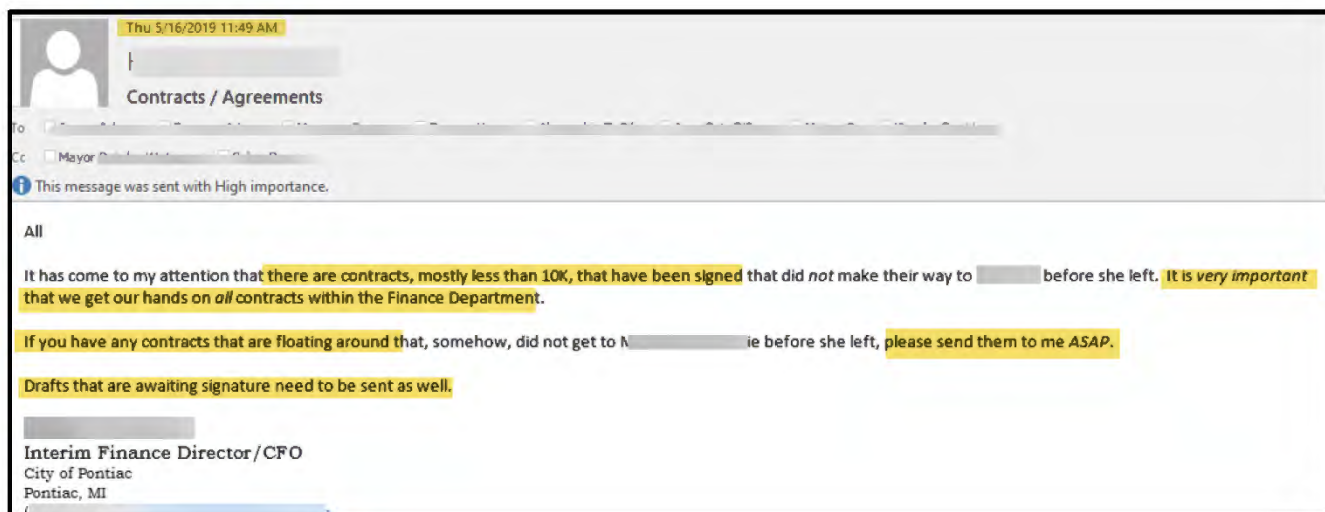
An ordinance to adopt financial and purchasing procedures for the City of Pontiac.

The City of Pontiac ordains:

2-491 Payment of invoices.

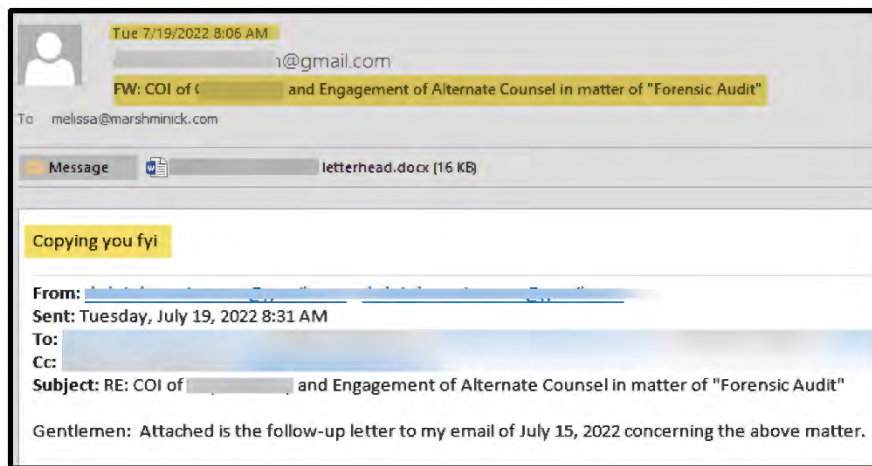
The finance director shall approve all invoices before paid. All invoices shall have documentation that the good or service was received by the City. No invoice shall be paid in excess of any contract authorized by the City Council, unless a change order or contract amendment has been appropriately approved.

It seemed improbable that the former Mayoral officeholder was unaware of their duty to administer City contracts properly. As seen in the email dated May 16, 2019, the former Finance Director notified the former Mayoral officeholder that all contracts, regardless of the amount, needed to be provided to the Finance Department.



Additionally, while the forensic audit was occurring, the former Mayoral officeholder emailed on July 19, 2022 a letter that stated "...the mayor of the city is required to sign all contracts of the city." This statement showed that the former Mayoral officeholder was aware of the duty to have signed all City contracts.

██████████ to verify that ██████████ fees for representing me in this matter will be reimbursed fully by the city. Since the mayor of the city is required to sign all contracts of the city, ██████████ I is awaiting your communication to execute an engagement letter with the city.



Collectively, the reoccurring issues with contracts were as follows:

- Miscommunication between the Executive Office and City Council about contract terms and/or total costs of goods for services
- Total costs paid were higher than contracted prices as approved by City Council
- City Council approval not obtained when required for contracts totaling in excess of \$10,000 during a fiscal year that were not legal or accounting firms (discretionary spending limit)
- Operating without a written contract or a duly executed contract
- Executed contracts not located in City Offices files or on computerized systems
- City Council required approval of contracts did not occur until after work services were already completed/performed (retroactive contracts)
- Contract lapses that triggered default provisions with high financial risk to the City



These contracts were problematic for the following reasons:

- Non-compliance with purchasing and contractual processes may have deprived the public of the right to transparency and assurance there was prudent spending of public funds
- Seriously improper practices and control breakdowns risked the safeguarding of public funds
- Actions that deprived the public of financial resources that could have been allocated for other programs or services provided by the City
- The irreconcilable disagreements between the former City Council and Executive Office rendered them unable to work together in the best interest of the City

There were repeated examples of problematic contracts. In order to demonstrate the findings, several examples are provided, not in any specific order. These examples demonstrate the City was challenged with purchasing and contract management, and had breakdown of internal controls.

Contract Examples Table		
<u>Example</u>	<u>Problem Areas</u>	<u>Financial Impact</u>
#1	<ul style="list-style-type: none"> • Operating without a contract / not locatable contract • Contract not duly executed • Unapproved contract • Expenses above discretionary spending limit 	\$16,568.34
#2	<ul style="list-style-type: none"> • Expenses above amount authorized 	\$1,060,034.60
#3	<ul style="list-style-type: none"> • Operating without a contract • Contract not duly executed or approved • Unapproved expenses • Expenses above discretionary spending limit 	\$175,674.35
#4	<ul style="list-style-type: none"> • Defaulted contract • Unauthorized expenses • Retroactive contract after services performed 	\$251,295.56



Example 1.

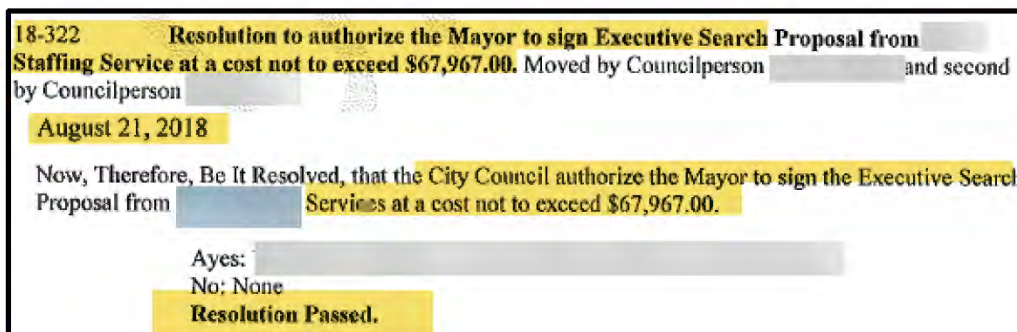
From fiscal years 2015 to 2022 a Professional Services Firm (Firm 1) was engaged repeatedly by the City for staffing related services.

Initially from 2015 through 2017 fiscal years, the City followed business as usual processes, while being overseen by the Transition Advisory Board (TAB). Following the end of TAB oversight, the City regained local control of finances. In the following fiscal years, 2018 through until the end of calendar year 2021, the former Mayoral officeholder requested Firm 1 provide staffing services for filling several City positions. There were problems observed with the purchasing and contracting process, as well as disagreements with the former City Council and Executive Office.

Executive Office and Administration changes to services after City Council approval

In a July 2, 2018 contract for staffing services, the contract price reflected \$67,967 in costs to recruit six positions. Then on August 14 and August 16, 2018, the Finance Subcommittee meeting minutes and an Executive Office Memorandum reflected communication about the \$67,967 in staffing costs. On August 21, 2018 the former City Council unanimously passed Resolution 18-322 for “Staffing Service at a cost not to exceed \$67,967.00”.

Original City Positions					
Finance Director	Human Resource Director	City Treasurer	Deputy Director of DPW	Junior Planner	Contract Compliance



July 2, 2018

Mayor
City of Pontiac
47450 Woodward Avenue
Pontiac, MI 48342

Dear Mayor:

has a tremendous amount of respect for you and a strong desire to help the city of Pontiac. Therefore, I am willing to reduce our fee for your searches from 30% to 20%. In addition, I am going to perform the Contract Compliance/Grant writer and Junior Planner searches free of charge. Instead of paying for six (6) searches, you will only pay for four (4) searches at the reduced rate of 20%.

You will be charged a rate of 20% for the following four (4) positions:

Finance Director =	\$121,500.00
Human Resources Director =	63,336.00
City Treasurer =	80,000.00
Deputy Director of DPW =	75,000.00
Junior Planner =	0 (No Charge)
Contract Compliance =	0 (No Charge)
\$339,836.00 @ 20% = \$67,967.00	

The total fee will be \$67,967.00, which represents a savings of \$70,883.00.

I will contact you, after you have had an opportunity to read the proposal. Thank you for considering or you staffing needs.

FINANCE SUBCOMMITTEE NOTES

August 14, 2018

In attendance:
Council members:
Mayor:
Deputy Mayor:
Attorney: €

Start time: 4:07 pm

AGENDA

Old Business

A. Staffing

-A revised proposal was submitted listing six (6) vacant positions and the cost:

1. Finance Director	\$121,500.00
2. Human Resource Director	\$63,336.00
3. City Treasurer	\$80,000
4. Deputy Director of DPW	\$75,000.00
5. Junior Planner	\$0.00 (no charge)
6. Contract Compliance	\$0.00 (no charge)
\$339,836.00 @ 20%= \$67,967.00	

- The proposal would only require the City to pay for four (4) searches and not six (6), at a cost of \$67,967.00 which is reduced from \$70,883.00.

-The total number of vacant positions that are provided for in the budget which were unfilled for the month of July, allows for a savings in the general fund; thereby allowing the savings to cover the cost of Staffing Services.



City of Pontiac, Michigan
Executive Office - Memorandum

Mayor

To: Honorable Council President and City Council Members

From: Mayor

Date: August 16, 2018

Cc:

Re: Agenda Request: Resolution to authorize Mayor to sign Executive Search Proposal from Staffing Services at a cost not to exceed \$67,967.00.

RECEIVED
2018 AUG 17 PM 12:45
PONTIAC CITY CLERK

As you are aware, the City is in need of assistance for the hiring of the following vacant positions: Finance Director, City Treasurer, Deputy DPW Director, Human Resource Manager, Junior Planner, and Contract Compliance Officer. A copy of their proposal is attached for your information and review. The total cost for this proposal is \$67,967.00.

Please note that this matter was presented to the Finance City Council Sub-Committee.




After the Resolution 18-322 was authorized by the former City Council, the former Mayoral officeholder approved an invoice dated August 24, 2018 that showed changes to two position titles being recruited and reflected a \$67,968 total fee².

Mayor City of Pontiac 47450 Woodward Avenue Pontiac, MI 48342		Invoice Date: 08/24/2018 Invoice Number: COP20101 1 st Installment		
Name of Position	Total Fee	Initial Payment	Amt Received	Amt. Due
Deputy Director, DPW	\$67,968.00 4 @ 20% = Reduced Rate	\$22,656.00	\$0	\$22,656.00
Director, Human Resources				
Director, Finance				
Director, Department of Recreation				
Jr. Planner	\$0			
Contract Compliance/ Grant Writer	\$0			
	\$67,968.00	\$22,656.00	\$0	\$22,656.00

Please make checks payable to: _____

Payment due upon receipt of invoice

THANK YOU



The former Mayoral officeholder signature appeared at the bottom of the invoice demonstrating they acknowledged the changed position titles. Those changes were different from what was initially communicated on August 14, August 16, and August 21, 2018, in the Finance Subcommittee meeting minutes, the Executive Office Memorandum, and City Council meeting minutes. The chart below shows the difference between the communications and invoice.

Position Change Timeline							
Original	Aug 21, 2018 Resolution 18-322	Finance Director	Human Resource Director	City Treasurer	Deputy Director of DPW	Junior Planner	Contract Compliance
Changed	Aug 24, 2018 Invoice	No Change	No Change	Director, Department of Recreation	No Change	No Change	Contract Compliance/Grant Writer

² Note that the Firm 1's invoice was \$1 dollar higher than the approved City Council not to exceed contract cost.



There were other changes made to staffing services recruitment on October 2, 2018 in an email between the former Mayoral officeholder and Firm 1. This email was about the Search Agreement and Addendum of Staffing Services, which showed there had been three position title changes that appeared to be signed by the former Mayoral officeholder. Those changes appeared not to have been approved by the former City Council.

Position Change Timeline							
Original	Aug 21, 2018 Resolution 18-322	Finance Director	Human Resource Director	City Treasurer	Deputy Director of DPW	Junior Planner	Contract Compliance
	Aug 24, 2018 Invoice	No Change	No Change	Director, Department of Recreation	No Change	No Change	Contract Compliance/Grant Writer
Changed	Oct 2, 2018 Agreement & Addendum	No Change	No Change	City Clerk	No Change	Financial Analyst	Youth Recreation Manager

Management Consultants
Executive Recruiters

Search Agreement between _____ and
The City of Pontiac

_____ a retained executive search firm, hereby enters into a Search Agreement with the City of Pontiac (Client) to fill the positions Finance Director, Director, Department of Recreation, Human Resources Manager and the Deputy Director of DPW at a reduced rate of 20%. Our regular rate is 30%. The total fee for the four (4) positions mentioned above is \$67,968.00. The fee is based on a rate of 20% of the first year's salary for each position. _____ will also conduct a search for two (2) additional positions, the Contract Compliance/Grant writer and Junior Planner. The search for the additional positions will be conducted at no cost to the Client.

All out-of-pocket expenses are pre-approved by the Client and reimbursed to _____ (i.e. advertisement, and other search related expenses including travel, hotel, food, etc.).

_____ will guarantee this placement for a period of six (6) months. If within the six-month period the Client is not satisfied with the applicant placed, or the applicant leaves their employment voluntarily or for cause, _____ will locate and place another qualified applicant at no cost to the Client.

An Addendum 10/2/18
 _____ Date 10/2/18
 Mayor
 City of Pontiac

TH

ADDENDUM FOR STAFFING SERVICES:
10/2/18

Positions to be charged at contracted rate:

- Finance Director
- Human Resources Director
- City Clerk
- Deputy Director of DPW

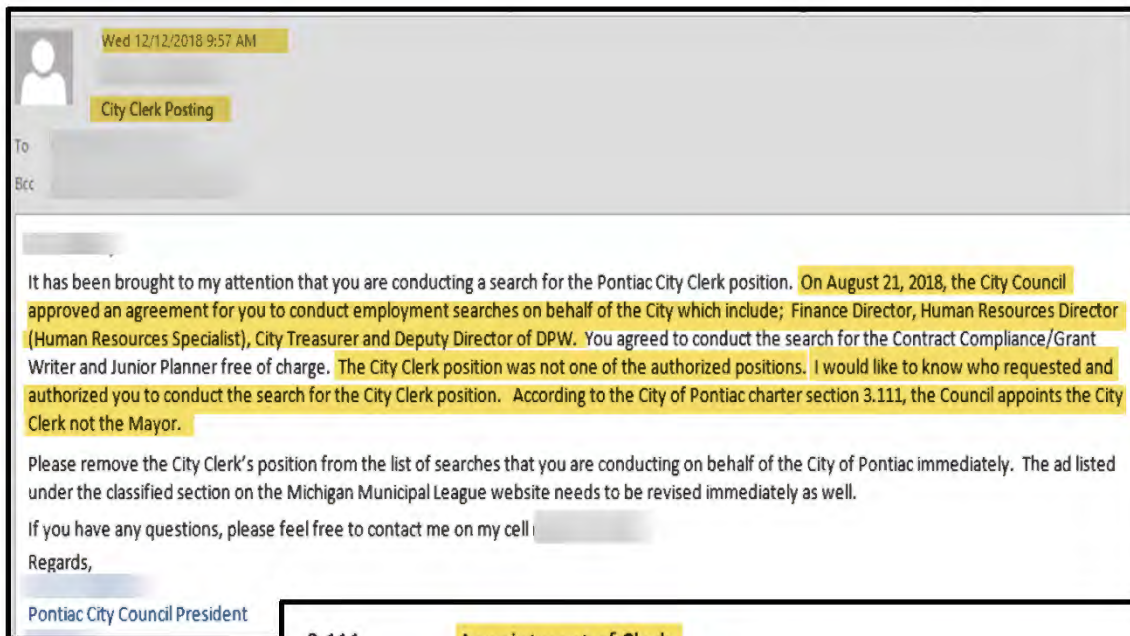
Positions placed at No Charge:

- Financial Analyst
- Youth Recreation Manager

d. western



After one of the title positions changed to City Clerk, it ultimately led the former City Council President to email Firm 1 on December 12, 2018. This email stated “The City Clerk position was not one of the authorized positions” and “I would like to know who requested and authorized you to conduct the search for the City Clerk position”. The former Council President’s email demonstrated the basis of passing Resolution 18-322 was to approve staffing services for the original six specific positions. It seemed that the former Mayoral officeholder had not communicated changes to the former City Council.



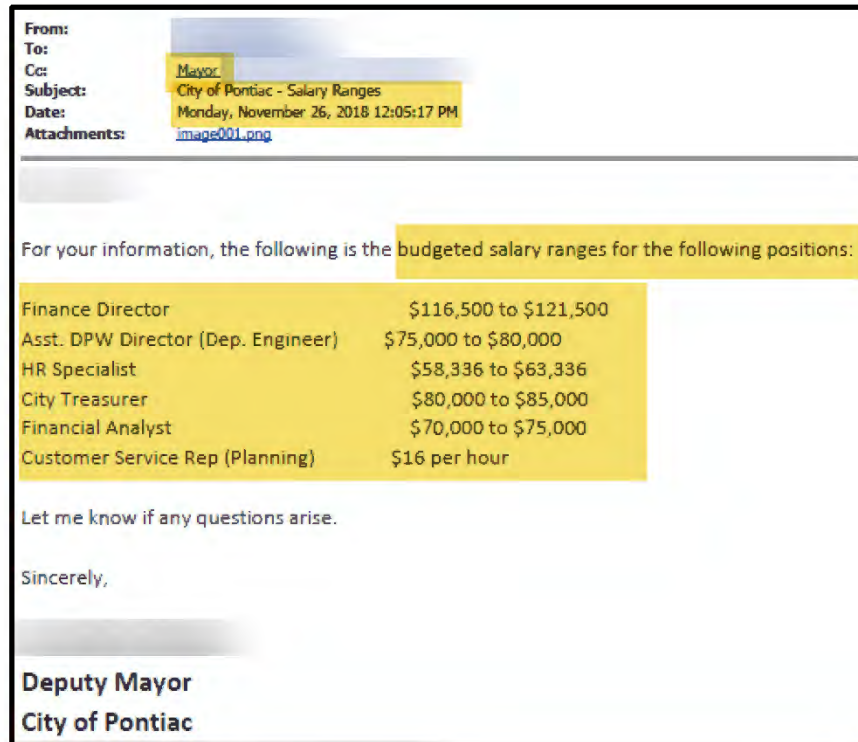
3.111

Appointment of Clerk

The Council shall appoint a City Clerk for an indefinite period. The Clerk is removable by vote of five (5) members of the council.



The City Clerk recruitment stopped based on a November 26, 2018 email, but position title changes continued for three positions. This email from the Executive Office was to Firm 1 and the former Mayoral officeholder which listed the budgeted salary ranges for six positions; where four of the positions were different than the Resolution 18-322. This email seemed to further demonstrate dysfunctional communications between former elected officials and breakdown of internal controls with purchasing and contractual processes.



Position Change Timeline							
Original	Aug 21, 2018 Resolution 18-322	Finance Director	Human Resource Director	City Treasurer	Deputy Director of DPW	Junior Planner	Contract Compliance
	Aug 24, 2018 Invoice	No Change	No Change	Director, Department of Recreation	No Change	No Change	Contract Compliance/Grant Writer
Changed	Oct 2, 2018 Agreement & Addendum	No Change	No Change	City Clerk	No Change	Financial Analyst	Youth Recreation Manager
	Nov 26, 2018 Email	No Change	HR Specialist	City Treasurer	Assistant DPW Director (Dep. Engineer)	Financial Analyst	Customer Service Rep (Planning)



On May 20, 2019 the final invoice reflected that ultimately three title positions were changed from the original Resolution 18-322. The decision to not recruit a Contract Compliance position as originally planned was seriously improper, and contributed to the breakdown of internal controls with citywide purchasing and contracting processes.

The payments to Firm 1 for this contract were allocated properly in the financial system for the Mayoral Department from the General fund for Other Professional Services (101-270).

Position Change Timeline							
Original	Aug 21, 2018 Resolution 18-322	Finance Director	Human Resource Director	City Treasurer	Deputy Director of DPW	Junior Planner	Contract Compliance
Final	May 20, 2019 Final Invoiced	Finance Director	Human Resource Director	Director, Department of Recreation	Deputy Director of DPW	Youth Rec. Assistant Director	Community Relations Specialist

Mayor City of Pontiac 47450 Woodward Avenue Pontiac, MI 48342		Invoice Date: 05/20/2019 Invoice Number: COP20103 3 rd Installment Final Invoice		
Name of Position	Total Fee	Initial Payment	Amt Received	Amt. Due
Deputy Director, DPW	\$67,968.00	\$22,656.00	\$45,312.00	\$22,656.00
Director, Human Resources	4 @ 20% = Reduced Rate			
Director, Finance				
Director, Department of Recreation				
*Jr. Planner *Contract Compliance/ Grant Writer				
*Replaced by the following: Youth Rec. Asst. Director Community Relations Specialist				
	\$67,968.00	\$22,656.00	\$22,656.00	\$22,656.00

Please make checks payable to: **STAFFING SERVICES, INC.**


Payment due upon receipt of invoice

THANK YOU



Disagreements by elected officials about placement of an Interim Finance Director

In the year 2019, the City sought to hire a Finance Director. The candidate met with the Finance Subcommittee for consideration on March 12, 2019. Following this meeting, the position was offered and accepted by the candidate on March 28, 2019, which was contingent on appointment by the City Council.

 **CITY OF PONTIAC**
OFFICIAL MEMORANDUM

Executive Branch

TO: Honorable Mayor, Council President, and City Council Members

FROM: [Redacted], Human Resource Manager

Thru: Office of Deputy Mayor, [Redacted]

DATE: March 28, 2019

RE: Staff Report – Offer Letter Accepted, Finance Director/CFO

We are pleased to announce that by way of [Redacted] executive search services, the Executive Office has extended an offer for the position of Finance Director.

[Redacted] was first interviewed by the Executive Office staff on February 1, 2019. His experience as the Chief Financial Officer for the City [Redacted], matched by complimentary experience as a leader in Finance at such organizations as [Redacted] Consulting and [Redacted] Financial, positioned him as the leading candidate for this role. Having earned two Master's, a Master of Science from [Redacted] University and his Master of Business Administration from [Redacted] School. [Redacted] has the experience, education, and expertise our City deserves from Finance Director, as well as proven achievements in process transformation and technology utilization that will move the Finance Department forward.

Accordingly, [Redacted] was introduced to the Finance City Council Sub-Committee on Tuesday, March 12, 2019, where he had an opportunity to speak to his education and experience. His curriculum vitae is attached for additional review.

[Redacted] has formally accepted the offer of employment for the position of Finance Director /CFO contingent on appointment by Council on April 9, 2019.

On April 1, 2019 to April 4, 2019 the former Human Resource (HR) Director and former Mayoral officeholder prepared the candidate for appointment by City Council. They obtained recommendations about the candidate from seemingly credible individuals, including recommendations from others in government. The candidate appeared to meet the minimum requirements³, which included the education requirement of a Master's degree plus work experience in finance with the public sector. However, on April 9, 2019, the former City Council within their discretion chose to disapprove the candidate's appointment.

³ <https://www.codepublishing.com/MI/Pontiac/section-2-88-Director>



- Mayor's Office**
4. Interview of [redacted] for the position of Finance Director (The Mayor has informed the City Council that she will be appointing [redacted] as Finance Director pending approval by the City Council.)
 5. Resolution to approve Mayor's Appointment of [redacted], as Finance Director for the City of Pontiac at an annual salary of \$131,040 effective April 15, 2019.

19-127 Resolution to approve Mayor's Appointment of [redacted], as Finance Director for the City of Pontiac at an annual salary of \$131,040 effective April 15, 2019. Moved by Councilperson [redacted] and second by Councilperson [redacted]

Whereas, Article IV, Chapter 1, Section 4.106, of the Home Rule Charter states that the Mayor shall appointment for each department of the executive branch a director for each department, subject to the approval by Council; and

Whereas, the Mayor has appointed [redacted] to the position of Finance Director, contingent on Council approval; and

Now, Therefore, Be It Resolved, that the Pontiac City Council does hereby approve [redacted] to serve at the Finance Director performing the required duties and obligations of the Finance Director effective, Monday, April 15, 2019 at the base salary of \$131,040.00.

Ayes: [redacted]
 No: [redacted]

Resolution Failed.

The day following the former City Council's disapproval of the candidate, there was an email from the former Mayoral officeholder to the former HR Director that said the candidate would become an "Interim" Finance Director. Specifically, the former Mayoral officeholder wanted to "assure him [candidate] that I [Mayor] fully intend to carry through on the contingency plan of appointing him as (Interim) Fin Dir unless and until Council reverses it's vote of last night (and I am working behind scenes to try to effect that)" (sic). This demonstrated the former Mayor officeholder was creating dysfunction with the former City Council by planning to retain the appointee.

From: Mayor [redacted] @pontiac.mi.us>
Sent: Wednesday, April 10, 2019 10:51 PM
To: [redacted]
Cc: [redacted] >
Subject: Fin Dir

[redacted] I didn't get to touch base with you about my appt. for [redacted]. But I want to make sure we stay in regular contact with him to assure him that the I fully intend to carry through on the contingency plan of appointing him as (Interim) Fin Dir unless and until Council reverses it's vote of last night (and I'm working behind scenes to try to effect that).

In fact, there's another contingency option which achieves the same bottom line of him starting the Fin Dir position by his start date of April 15. Call him and start whatever vetting process we customarily do so I can sign his pass form and have him in place by 4/15.

Mayor City of Pontiac

4.106 Appointment of Directors; Failure to Act on Appointments
 Except as otherwise required by law or this charter, the Mayor shall appoint for each department of the executive branch a director who serves at the pleasure of the Mayor as head of the department. Each appointment is subject to approval by the council.

If a mayoral appointment is not disapproved by the Council within 30 days, the appointment is effective.



On April 23, 2019 the City Council Resolution 19-146 disallowed the former Mayor officeholder's appointed person as Interim Finance Director with a salary of \$131,040. On June 4, 2019 the former City Council passed Resolution 19-231 "City Council recommends that the Mayor terminate [Interim Finance Director]..." but the former Mayoral officeholder did not terminate the person. It seemed improper for the former Mayoral

officeholder to not comply with former City Council disallowance, but also improper for City Council to pass resolutions regarding the disallowance of the hiring of an interim person performing duties in a critical City position. The disagreements between elected officials created a situation where the Interim person was mistreated.

19-146 Resolution to not approve the appointment of _____ as Interim Finance Director. Council President _____ requested to amend the Resolution to approve Mr. _____ to serve as Interim Finance Director. Moved by Councilperson _____ and second by Councilperson _____

Whereas, on Tuesday, April 9, 2019, the Pontiac City Council was presented with a resolution from the Mayor to approve the Mayor's recommendation to appoint _____ as Finance Director for the City of Pontiac; and,
 Whereas, the resolution stated, "the Mayor has appointed Mr. _____ to the position of Finance Director, contingent on Council approval, effective April 15, 2019;" and,
 Whereas, on April 9, 2019, the City Council voted and the resolution failed, _____ was not confirmed to the position of Finance Director; and,
 Whereas, the Mayor in an effort to circumvent the City Council, hired _____ on April 17, 2019 as Interim Finance Director; and,
 Whereas, the previous Finance Director was employed with the City of Pontiac for approximately five years and was paid, \$121,800.00 annually; and,
 Whereas, the Mayor's request, is to pay _____ \$131,040.00 annually, a salary that exceeds the previous Finance Director's salary by ten thousand (\$10,000.00) dollars; and,
 Whereas, the salary request exceeds the budgeted amount and has not been approved by the City Council; and,
 Whereas, section 4.106 of the Pontiac City Charter allows the Mayor to appoint a director who serves at the pleasure of the Mayor and with each appointment subject to approval of the Council; and,
 Whereas, only if a Mayoral appointment is not disapproved by the Council within 30 days is the appointment is effective.
 NOW THEREFORE BE IT RESOLVED that the Pontiac City Council approves _____ serving as Interim Finance Director.

Ayes: None
 No
Resolution Failed.

19-231 Resolution to recommend that the Mayor terminate _____ effective immediately as _____ is unable to perform the necessary and requisite duties and responsibilities of Finance Director and or Interim Finance Director. Moved by Councilperson _____ and second by Councilperson _____

WHEREAS, on Tuesday, April 9, 2019, the Pontiac City Council was presented with a resolution from the Mayor to approve the Mayor's recommendation to appoint _____ as Finance Director for the City of Pontiac; and,
 WHEREAS, the resolution presented to Council stated, "the Mayor has appointed Mr. _____ to the position of Finance Director, contingent on Council approval, effective April 15, 2019;" and,
 WHEREAS, on April 9, 2019, the City Council voted and the resolution failed, _____ was not confirmed to the position of Finance Director; and,
 WHEREAS, the Mayor in an effort to circumvent the City Council, hired _____ on April 17, 2019 as Interim Finance Director; and,
 WHEREAS, on April 23, 2019, the City Council did not confirm _____ as the Interim Finance Director; and,

 June 4, 2019 Study Session Approved Minutes
 WHEREAS, on May 29, 2019, the Pontiac General Retirement Board explained, that _____ would not be recognized as a member of the Board of Trustees for the Pontiac General Retirement Board as his appointment was not approved by the Pontiac City Council; and
 WHEREAS, pursuant to 92-3(3) of the Pontiac Municipal Code, the Finance Director of the City is one of the members of the Board of Trustees for the General Retirement Board; and,
 WHEREAS, a vacancy still exists for the Finance Director on the Board of Trustees; and,
 WHEREAS, on May 30, 2019, the retirement board for Police and Fire also did not recognize the appointment of _____ and,
 WHEREAS, _____ is unable to fulfill the duties of a Finance Director and or Interim Finance Director.
 NOW THEREFORE BE IT RESOLVED that the Pontiac City Council recommends that the Mayor terminate _____ effective immediately as _____ is unable to perform the necessary and requisite duties and responsibilities of Finance Director and or Interim Finance Director


Ayes: _____
 No: None
Resolution Passed.



While the Interim Finance Director was in the acting role they appeared to be mistreated at a City Council meeting. On June 7, 2019 the Interim Finance Director had accompanied the former Mayoral officeholder to a “special Council Budget meeting”. At that meeting, a former City Councilor contacted the Sheriff’s Department about the Interim Finance Director because they were present at the meeting, “refused” to leave, and “the council does not recognize as [Interim Finance Director] hasn’t been confirmed” (sic). According to the Sheriff’s Department (Case Report #190107975), the City Councilor who contacted the Sheriff was cited as a “Suspect” of the offense “Making a False Report”. The offense was not pursued for prosecution.

Interview w/ Council woman, [REDACTED]:

Councilwoman [REDACTED] stated that she was present during the special Council Budget meeting that occurred on 06/07/19. [REDACTED] stated that this was a Council held meeting and, as such, the Mayor is present as a guest of the Council. At this hearing, the Mayor brought the Interim Finance Director, [REDACTED] who the council does not recognize as he hasn't been confirmed. Council President [REDACTED] asked [REDACTED] to leave the [REDACTED] but he refused.

CR No: 190107975									
									
Offenses:									
4803 - Making False Report [OSHUNTTD (01602)]									
IBR Code / IBR Group					Offense File Class				
90Z - All Other Offenses / B					48000 - OBSTRUCTING POLICE				
Crime Against					Location Type			Offense Completed	
					11 - Government/Public Building			Completed	
Domestic Violence					Hate/Bias				
No					00 - None (No Bias)				
Using					Cargo Theft				
A-Alcohol: No C-Computer Equipment: No D-Drugs/Narcotics: No									
People:									
(S-SUSPECT) [OSHUNTTD (01602)]									
Last Name		First Name			Middle Name			Suffix	Mr/Mrs/Ms
DOB (Age)		Sex	Race	Ethnicity		Birth City & State	Birth Country	Country of Citizenship	
Street Address			Apt #	County		Country	Home Phone	Work Phone	
47450 Woodward						USA	UNKNOWN		
City		State	Zip		Cell Phone	Email			
Pontiac		MI	48340						
(V-VICTIM) [OSTROYSM (01603)]									
Victim Type					Victim of				
G - Government					4803 - Making False Report				
PE	W. Typ	E	Name	Suffix			Mr/Mrs/Ms		
			City of Pontiac						
DOB (Age)		Sex	Race	Ethnicity		Birth City & State	Birth Country	Country of Citizenship	
NA		NA	NA	NA		NA	NA	NA	
Street Address			Apt #	County		Country	Home Phone	Work Phone	
47450 Woodward						USA			
City		State	Zip		Cell Phone	Email			
Pontiac		MI	48341						
Victim Injury									



The Interim Finance Director’s annual salary was reduced for the fiscal year 2019-2020 to \$50,000, by comparison the former Finance Director’s salary was \$121,800 annually. This appeared to create an untenable situation where the Interim Finance Director was performing critical duties but compensation was not being allocated properly. The salary reduction effectively forced out the Interim Finance Director, as this position was the lowest allocated salary in the Finance Department.

City of Pontiac Personnel Listing FY 2019-2020		
GL Number		Amount
101-301-702.000	City Council, CITY CLERK	16,500.00
		16,500.00
		16,500.00
		16,500.00
		95,000.00
		16,500.00
		16,500.00
		16,500.00
		65,000.00
		275,500.00
101-206-702.000	Finance	54,600.00
		50,000.00
		56,784.00
		75,000.00
		62,386.69
		298,770.69

Ultimately, the Interim Finance Director resigned in a letter dated August 7, 2019 which cited “irreconcilable differences that fueled an already highly politicized environment has made it difficult to operate and fully do the job I was assigned to do.” The letter indicated the former Mayoral officeholder “used legal maneuvers to work our way around them [City Council] for 3 months.” The Interim Finance Director said they were “insulted repeatedly, it is an unacceptable situation...This Council will never respect me if brute force power is the way...” The conflict between elected officials led to the mistreatment of the Interim Finance Director and a breakdown of internal controls, as the Finance Director had critical duties to ensure the safekeeping of public funds, and contracting and purchasing processes.



August 7, 2019

[REDACTED], Mayor
47450 Woodward Avenue
Pontiac, MI 48342

Dear [REDACTED],

It is with deep regret that I submit my resignation as the **Interim Finance Director*** for the City of Pontiac. While my time has been brief with the city, I believe that we were able to accomplish several things during my time. While I came to Pontiac to serve the citizens as best as I could, unfortunately, from day one, I was never fully accepted as an officer of this city, with the rights thereof. Indeed, just over a week ago, I attended a GERS board meeting and the trustees again refused to acknowledge even my presence, much less my standing as a city official. This is due to the attorney for the retirement system recommending that my status as Interim Finance Director* should not be recognized by the board. In fact, *no disinterested third party* has recognized my standing as a city official. We are "0 for 3" as the GERS board, VEBA board and Police and Fire Retirement System board have all failed to agree with the City Attorney that I have standing as a city official. **The reality of irreconcilable differences that fueled an already highly politicized environment has made it difficult to operate and fully do the job I was assigned to do. If it is true that I came to Pontiac to serve the citizens of the city, the fact that I am still not recognized as a city official is critical.**

Another challenge is that **Council voted to cut my salary to \$50,000 per fiscal year over a month ago.** Since then, despite my request, nobody has *asked* the Human Resources Manager if she feels comfortable with executing payroll and paying me at my current rate. Nobody in this administration knows Human Resources better than she does, yet we have not made sure that she feels it is proper to pay me at my old rate. Additionally, as I have expressed to you and the City Attorney, it may be debatable that the City Charter cannot give Council the authority to *set salaries*, there is *no question* that the Legislative body has the ability to set *appropriations*. Council set the account needed to me and Finance Department staff to a level at which we can only pay me \$50,000 in FY20. **We have used legal maneuvers to work our way around them for 3 months; yet, if I ignore the spirit of what they passed in order to pay myself, my credibility as a finance officer comes into question.** How can I ask someone that reports to me pay me when I know that, at best, the only way I could make more than \$50,000 this fiscal year is by legal maneuvering that even I understand is questionable at best? Does this matter to anyone? **Since we are now a month into the new fiscal year and no action has been taken to address this matter in a civil, productive manner, I am left to believe that that is not the intent of the two differing parties.** Indeed, I still see that divisive priorities remain the order of the day on both sides.

These and other major concerns have forced me to make this decision now. I take a great amount of pride in what I do and when my intent, integrity, experience and professionalism are questioned and **insulted repeatedly, it is an unacceptable situation.** It is not only unfair to me, but unfair to the taxpayers of Pontiac, Michigan. I hope and trust you understand my position. There are a number of different things I have committed to do and I will make sure they are done (or at least at a milestone point) by my last day on August 29. They are as follows:

- Day-to-day operations in Finance
- Continue the roll-out of the vendor procurement and payment (procure-to-pay) process
- Overseeing the contract review and summary effort (execution on the Finance side)
- Feasibility/affordability studies for 235 Wessen Street purchase
- MAPE negotiations
- Implementation of tracking systems for youth at PYREC

Note, of course, that due to the nature of these assignments, it may be impossible to conclude them by my last day (e.g. MAPE negotiations in case of arbitration proceedings). Also, note that if it is your wish for me to depart sooner, that is completely your decision.

In closing, there are two inescapable truths here. This Council will never respect me if brute force power is the way they are going to eventually vote for me and I do not and will not work with and for anyone who cannot respect me.

I would like to thank you for the opportunity for serving as your lead* in the Finance Department. While this situation may not have worked out as we had hoped, I will take with me the good and learn from the bad. That is what makes us all stronger.

Warm Regards

[REDACTED]
cc: [REDACTED], Deputy Mayor
[REDACTED] Human Resource Manager

*- in dispute




The designation of an “Interim” Finance Director appeared reasonable and within the former Mayoral officeholder’s discretion. The City Charter does not expressly prohibit unconfirmed Directors from being placed into an Interim position. There was a need for the City to have a Finance Director as it was a vacant critical position designated by the Charter. The Interim Finance Director served the City for about five months. The absence of a Finance Director created financial risk and control problems.

Unauthorized contract purchases exceeding the Mayoral discretionary limit in a fiscal year

In November of 2020, the former Mayoral officeholder sought to hire a Deputy Mayor and engaged with staffing services Firm 1 to recruit for the position. The former City Council reviewed the request, but *chose not to authorize* Resolution 20-551 prohibiting “the Mayor to sign and execute the attached agreement with [Firm 1] for the provision of executive recruiting services for the vacant Deputy Mayor position at a cost not to exceed \$29,085.” The former Mayoral officeholder ultimately did not sign the Search Agreement presented to the former City Council, as the signature line for the Mayor was left blank on the Search Agreement. This demonstrated the former Mayoral officeholder adhered with the former City Council’s authority of Resolution 20-551 by *not signing and executing* the Search Agreement.

<p>Resolution Finance/Human Resources 20-551 Resolution to hire [redacted] as Executive Search firm for Provision of Executive Recruiting Services to seek qualified candidates for the vacant Deputy Mayor position. Moved by Councilperson [redacted] and second by Councilperson [redacted]</p> <p>Ayes: [redacted] No: [redacted]</p> <p>Resolution Failed</p>
--



 **CITY OF PONTIAC**
OFFICIAL MEMORANDUM

Executive Branch

TO: Honorable City Council President and City Council Members

FROM: Mayor

DATE: November 12, 2020

RE: Resolution to hire as Executive Search firm for Provision of Executive Recruiting Services to seek qualified candidates for the vacant Deputy Mayor position.

The purpose of this memorandum is to formally request the approval of , for the provision of executive recruiting services for the position of Deputy Mayor for the City of Pontiac.

As such, the following resolution is recommended for your consideration:

Whereas, as required by Article IV (Executive Branch), Section 4.103 of the City Charter: "The Mayor shall appoint, with the approval of the Council, a Deputy Mayor who serves at the pleasure of the Mayor and performs the duties of the office during the absence, or temporary disability of the Mayor;" and

Now therefore, the City Council approves and authorizes the Mayor to sign and execute the attached agreement with for the provision of executive recruiting services for the vacant Deputy Mayor position at a cost not to exceed \$29,085.00. Payments to be paid as follows: the first payment of \$9,695.00 will be paid at the signing of the agreement, the second payment of \$9,695.00 will be paid in thirty-(30) days, and the final adjusted payment is due when the candidate is hired.

Management Consultants
Executive Recruiters

Search Agreement
Between
and City of Pontiac, Michigan

, a retained executive search firm, hereby enters into a Search Agreement with the City of Pontiac, MI, to fill the position of Deputy Mayor. The Search fee for this position is billed at 25% of the first year's estimated starting salary of \$116,338.75. The estimated fee is \$29,085.00 and billed in three installments. The first payment of \$9,695.00 due at the signing of the agreement, the second payment of \$9,695.00 is due in thirty-(30) days, and a final adjusted payment is due when the candidate is hired.


All out-of-pocket expenses will be pre-approved and reimbursed to TJA (i.e. advertisement, and other search related expenses including travel, hotel, food, etc.). TJA does not charge for telephone calls or local mileage relative to the search.

will guarantee this placement for a period of 90-days. If within the 90-day period the City of Pontiac is not satisfied with the candidate placed, or the candidate leaves their employment voluntarily or for cause will locate and place another qualified applicant at no cost to the City of Pontiac.

/Date
, Mayor, City of Pontiac

There was adherence by not signing the contract; however, an invoice was issued to the former Mayoral officeholder three days after the former City Council denied the request for executive recruiting services. This invoice was for "Consultant Services" and was dated December 4, 2020 for \$10,000, the maximum discretionary spending limit.

Mayor |
City of Pontiac
47500 Woodward Avenue
Pontiac, MI 48342

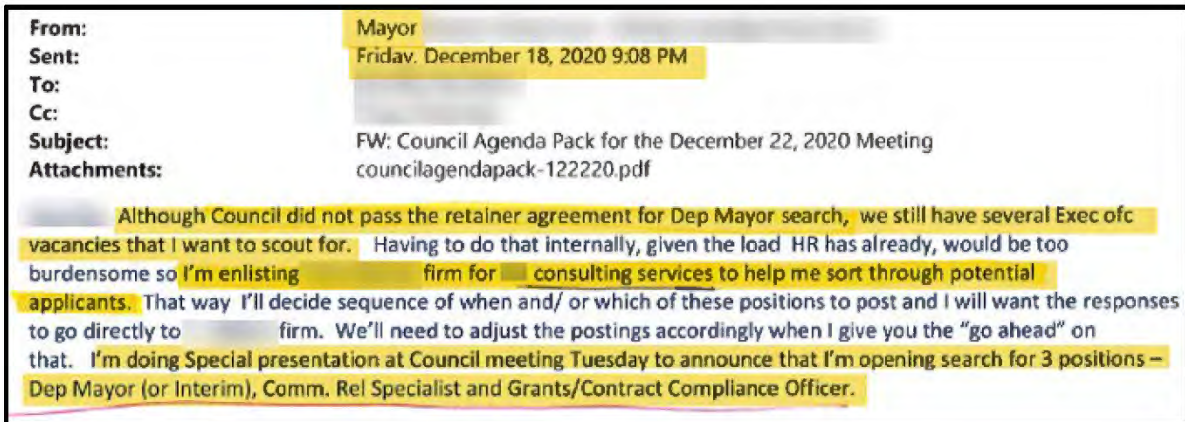


Invoice Date: 12/04/2020
Invoice Number: Pontiac2020

Type of Service	Services Fee	Subtotal	Payment Due
Consultant Services	\$10,000		\$10,000



The formal Mayoral officeholder emailed the former HR Director on December 18, 2020, saying they were enlisting Firm 1 for consulting services to help sort through potential applicants, including a “Deputy Mayor (or Interim)” position. It appeared the former Mayoral officeholder was operating without a contract when they said, “Council did not pass the retainer agreement for Dep Mayor search.” This email demonstrated the former Mayoral Officeholder was moving forward with using Firm 1’s services, regardless of the decision made by the former City Council in November 2020 on Resolution 20-551.



On the same day as the email to the former HR Director about continuing the Deputy Mayor recruitment, the former Mayoral officeholder “approved to process and pay” the invoice. The \$10,000 payment appeared to be allowed as it was within the former Mayoral officeholder’s discretionary spending limit for professional service contracts. The payment was allocated properly in the financial system for the Mayoral Department from the General Fund for Other Professional Services (101-270). Additionally, there was a purchase order #20-01875 approved by multiple individuals which appeared proper.


From: Mayor
Sent: Friday, December 18, 2020 7:41 PM
To: [Redacted]
Subject: FW: Invoice
Attachments: Pontiac Invoice Consulting Svc122020.docx

Approved to process and pay

From: [Redacted]
Sent: Friday, December 4, 2020 5:18 PM
To: Mayor
Cc: [Redacted]
Subject: Invoice

WARNING: This email originated from outside of City of attachments unless you recognize the sender and are expect

Please see attached.



CITY OF PONTIAC
47450 Woodward Ave
Pontiac, MI 48342-5009

529215

Check Date:	Check Amount:
12/23/20	10,000.00

PAY ***Ten Thousand and NO/100 Dollars*****

****VOID****

FILE COPY

AUTHORIZED SIGNATURE
This Check Void After 90 Days
City of Pontiac - Accounts Payable

INVOICE		DESCRIPTION	AMOUNT
NUMBER	DATE		
Pontiac2020	12/04/2020	Consulting Services-Hiring Mayor dept personnel	10,000.00
CHECK NUMBER	CHECK DATE	VENDOR ID	CHECK AMOUNT
529215	12/23/2020	10004008	10,000.00



On February 25, 2021, the Executive Office staff requested from the Finance Department a year-to-date accounting ledger for Firm 1. This occurred over email and the Executive Office staff indicated the inquiry was because the “Mayor is requesting” the information. The Finance Department responded with a year-to-date Vendor Activity Report for fiscal year 2021 (July 1, 2020 to February 25, 2021). This report showed only one payment, the \$10,000 check issued on December 23, 2020 for “Hiring Mayor deps pers”. This communication of the report reflected that the former Mayoral officeholder had awareness they had reached their discretionary spending limit for fiscal year 2021 for Firm 1.

Thu 2/25/2021 10:21 AM

RE: YTD account ledger for [redacted]

To: [redacted]


Cc: [redacted]; Mayor

Message 2-25-21.pdf (31 KB)

Per your request YTD vendor payment report:

Vendor Code	Vendor Name	Inv/Check #	Description	Invoice Amt	Check Amt
10004008	[redacted] Services, Inc.				
12/23/2020	INVOICE	Pontiac2020	Consulting Services-Hiring Mayor dept pers	10,000.00	
12/23/2020	CHECK	CONS 529215			10,000.00
Total:				10,000.00	10,000.00
Net of 1 Invoices / 1 Checks					
Grand Total 1 invoice and 1 check for 1				10,000.00	10,000.00

Sincerely,

 Accounts Payable / Receivables Manager

FYI, they have created the distribution to send Invoices or correspondence to accountspayable@pontiac.mi.us.

From: [redacted]

Sent: Thursday, February 25, 2021 1:14 PM


To: [redacted]

Cc: [redacted]; Mayor

Subject: YTD account ledger for [redacted]

Mayor is requesting a YTD account ledger for the vendor - [redacted]
Please forward a copy at your earliest opportunity.

Thank you,

 Executive Office



After the former Mayoral officeholder had reached the discretionary spending limit, there was a second \$10,000 payment for “Consulting Services” paid to Firm 1. The second \$10,000 payment was problematic as it occurred during the same fiscal year, and totaled \$20,000 to Firm 1. The former City Council had disallowed the former Mayoral officeholder from signing the \$26,085 contract; the difference in amounts between what was paid but disallowed to spend was \$6,085. *This meant that the former Mayoral officeholder’s discretionary spending limit had been exceeded in May 2021 with the issuance of the section \$10,000 payment.* The allocation of funds appeared properly entered into the financial system, as payments came out of the General Fund for Other Professional Services (101-270).

There was an apparent internal control failure with the purchasing process. Purchase order #21-00585 for the May 2021 payment had been unilaterally approved by only the Finance Director. Additionally problematic with the May 2021 payment was that the invoice appeared to be a copy of the December 2020 invoice. The second invoice had handwritten initials of “DC”, who appeared to be the Finance Director, along with the second purchase order number.

PO Amount	PO Approval History User1	PO Approval History User2	PO Approval History User3	PO Approval History User4	PO Completed Date	PO Department Description	PO Description	PO Entered By	PO Ordered By	PO Number
\$10,000.00	DC	DC	DC	DC	5/3/2021	Finance Administration	Consulting Services	DC	DC	21-00585
\$10,000.00	TVL	IWI	JG	AZ	12/23/2020	Mayor	Consulting Services	TV	dw	20-01875

Mayor I
City of Pontiac
47500 Woodward Avenue
Pontiac, MI 48342

21-00585

DC

Invoice Date: 12/04/2020
Invoice Number: Pontiac2020

Type of Service	Services Fee	Subtotal	Payment Due
Consultant Services	\$10,000		\$10,000
			\$10,000

Please make checks payable to: _____
Payment due upon receipt of invoice

THANK YOU

263050

530180

Check Date: 05/07/21
Check Amount: 10,000.00

PAY ***Ten Thousand and 00/100 Dollars*****

TO THE ORDER OF

****VOID****
FILE COPY

CITY OF PONTIAC SIGNATURE

City of Pontiac - Accounts Payable

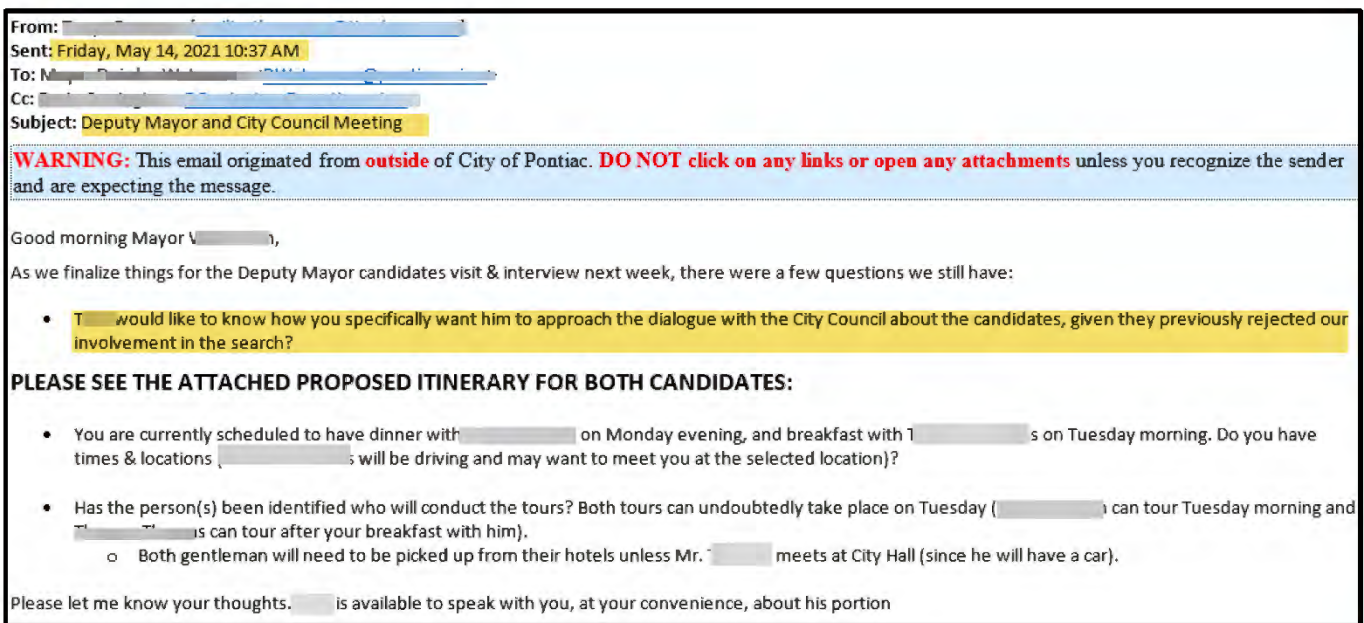
INVOICE NUMBER	DATE	DESCRIPTION	AMOUNT
Pontiac2020	12/04/2020	Consulting Services	10,000.00

PAID

CHECK NUMBER	CHECK DATE	VENDOR ID	CHECK AMOUNT
530180	05/07/2021	10004008	10,000.00



It appeared that the second \$10,000 payment in May was issued purposefully to pay for services that had been rendered. Email exchanges between the former Mayoral officeholder, Finance Director, and Firm 1 during this period had discussions regarding the final candidates for the Deputy Mayor position. In an email, Firm 1 asked the former Mayoral officeholder a question about “how do you specifically want to approach the dialogue with the City Council about the candidates, given they previously rejected our involvement in the search.” This email demonstrated there was general awareness that the former Mayoral officeholder had engaged in paid for services that the former City Council had disapproved.



Additionally by May 14, 2021 the Executive Office had planned for the Deputy Mayor candidates’ travel to Pontiac for a tour of the City and City Hall. During the time onsite in Pontiac the Deputy Mayor candidates would meet with City Councilors, Executive Office staff, and other City Department heads and staff. The Deputy Mayor candidates toured the City from May 17 to 19, 2021. Firm 1’s services were being used to help coordinate travel and the tour. The expenses related to the travel and stay for the two candidates totaled \$1,944.39, which included credit card charges and reimbursement checks payable to the candidates. These expenses were determined to be disallowed costs to the City, as the Mayoral officeholder had exceeded the discretionary spending limit pertaining to recruitment of the Deputy Mayor.



From: Mayor
 Sent: Friday, May 14, 2021 4:29 PM
 To:
 Cc:
 Subject: RE: Deputy Mayor and City Council Meeting

In addition to the email to Council President [redacted] that you were copied on, I have these additional notes about the arrangements for the candidate visits:
 I have copied the staff members who will assist with receiving and hosting the candidates while they are in town.
 Who is arranging to meet [redacted] at airport or have we arranged for a car to take him to hotel?
 Which hotel have will they be staying at?

After breakfast, DPW [redacted] will escort each of them separately on a tour of the city. Allow 1 ½ hours for the tour
 [redacted] can specify exact times for the tours and communicate directly with the candidates about whether they need to be picked up at the hotel or will drive to city hall and meet him for the tour

3:30 pm Candidates can come for a tour of city hall. Each will have a staff host/escort: [redacted] Planning Director
 [redacted] Econ Dev Dir

Their hosts will entertain them and keep them separate until their respective times to be introduced at the Fin Subcomm meeting from 4 to 5 pm
 4:00 Finance Subcomm meeting. [redacted], Fin Dir will be their host during their time at this meeting
 5:00 to 5:30 candidates meet with Dept Heads in Exec Conf room, each candidate separately.
 6:00 pm Council meeting Council has placed the introduction of the candidates as the 5th agenda item I copied [redacted] on me email inquiry to Council President inquiring as to which protocol he wished to use for their introduction to council, and suggested that we follow a similar process as with former Deputy Mayor [redacted]. I have received a response from council as of yet.

After each of their introductions they can elect to go back to their hotel rooms..
 I have copied other Executive staff on this email so they will be familiar with the plans and timing and they will assistance to us.

The May 18, 2021 Study Session Agenda of the City Council said “Introduction of candidates for the position of Deputy Mayor (Does the Council wish to set interviews)”. Shortly after this meeting, on May 21, 2021, the Legislative Counsel emailed a negative news article to the former City Council about one of the candidates considered for Deputy Mayor.

Communications
 Human Resources
 8. Introduction of candidates for the position of Deputy Mayor (Does Council wish to set interviews?)

Fri 5/21/2021 3:44 PM
 To: council president;

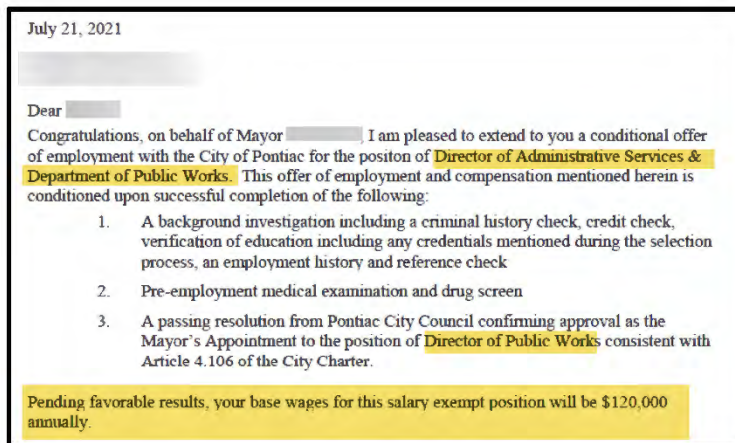
Good evening Council:
 Just an FYI regarding the one Deputy Mayor candidate.
 Thank you.

[City, administrator part ways](#) | News | [unifiednewsgroup.com](#)

NEWS
 City of Fitchburg
City, administrator part ways
 [redacted] resigns, avoids inquiry into conduct
 [redacted]
 Published on Jan 13, 2021



Despite the negative media article, the former Executive Office offered the candidate a position of “Director of Administrative Services & Department of Public Works” for \$120,000 annually. This seemed unusual as the candidate was recruited, interviewed, and toured the City for a Deputy Mayor position. The Public Works position offered was for \$27,300 more annually than the City budgeted in fiscal year 2022 for the vacant Director of Public Works (DPW Director) position, which only had a salary of \$92,700 annually. The title offered to the candidate was not a traditional title offered to the Director of DPW.



Budgeted Positions				
Position	FY 21 Current	Current Salary	FY 2022 Salary	Increase in \$
DPW Director	Vacant	92,700.00	92,700.00	-
Deputy Director DPW		80,000.00	82,400.00	2,400.00

That candidate accepted the job of Director of Administrative Services & Department of Public Works, which included relocation assistance in the form of City paid travel between Pontiac and home while in transition. Then on August 23, 2021, the hired candidate, now an employee, was terminated only after 48 hours of wages. The financial impact to the City for 48 hours of salary and employee travel reimbursement expenses was \$4,623.95. The former Mayoral officeholder persistence in using Firm 1 to recruit for a Deputy Mayor was non-compliant with City Council resolution, and therefore the wages and expenses for this employee was identified to be in excess of the discretionary spending limit. The other candidate considered for Deputy Mayor declined the position on September 20, 2021.



Aug. 15-18, 2021
287251

09/17/2021 09/15/2021 1,854.71 1,854.71 Open Y
Refund Employee expense 101-270-902.001 Recruitment Advertising 1,854.71
Pontiac, MI 48341 5000 6 - 12 / 410

Check Date: 09/24/21 Check Amount: 1,854.71

PAY ***One Thousand Eight Hundred Fifty-Four and 71/100 Dollars*****

TO THE ORDER OF

MN 55901

****VOID**
FILE COPY**

AUTHORIZED SIGNATURE

City of Pontiac - Accounts Payable

INVOICE		City of Pontiac - Accounts Payable	
NUMBER	DATE	DESCRIPTION	AMOUNT
Aug. 15-18, 2021	09/17/2021	Refund Employee expense reimbursement	1,854.71

Payroll Register Check Dates: 01/02/2020 to 05/10/2022
Processes: 2020010201 - 2022051001
City of Pontiac (104145) Pay Periods: 12/15/2019 to 05/02/2022

Emp Id	Code	Hours	Rate	Amount	Code	Status	Taxable	Amount	Code	Amount	Vchr	Type
	REG	48.00	57.69	2,769.24	FITW	S-0	2,769.24	185.67				Regular
Salary	461539				MED		2,769.24	40.15			Chk Date	9/28/2021
Rate	57.69				SS		2,769.24	171.69			Net	2,248.20
Freq	B				MI	S-1	2,769.24	109.68			Dir Dep	2,248.20
					MI-PON2		2,769.24	13.85				
Totals		48.00		2,769.24	Totals			521.04	Totals			

Mon 8/23/2021 3:10 PM

Re: notice of termination

To Mayor

Cc

Follow up. Start by Wednesday, August 25, 2021. Due by Wednesday, August 25, 2021.

WARNING: This email originated from outside of City of Pontiac. DO NOT click on any links or open any attachments unless you recognize the sender.

Please note that I was on the clock the entire day until I heard from the Mayor that she would not allow me to return.

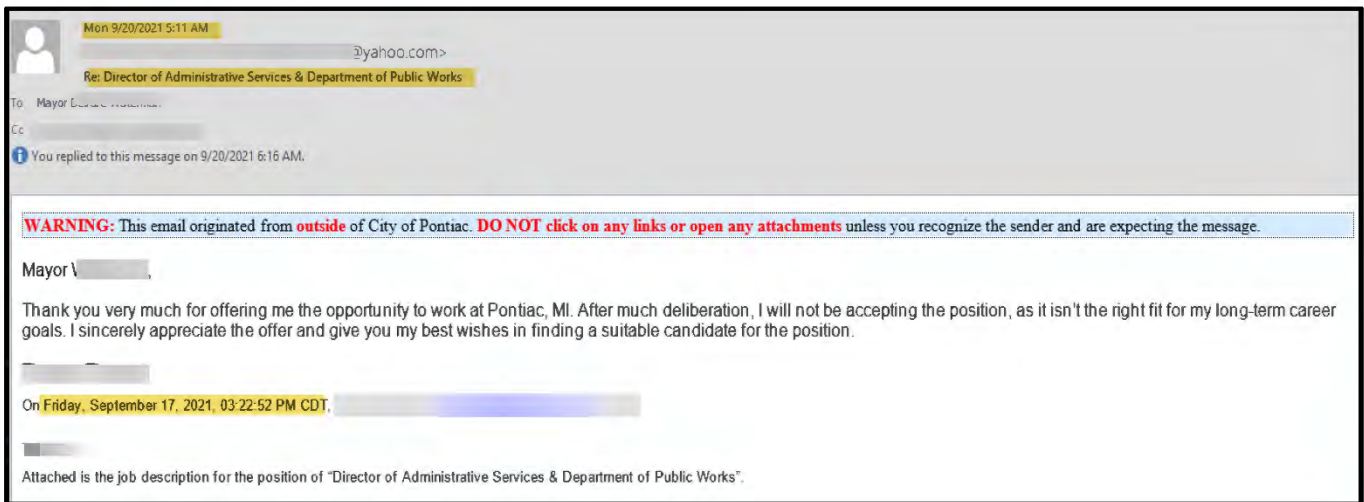
I will be compensated for that time along with a negotiated severance package.

On Mon, Aug 23, 2021 at 3:52 PM Mayor [redacted] @pontiac.mi.us wrote:

All: Please be advised that [redacted] will not be returning to city employment following his 3 day introductory stay here last week.

His network access and any pass codes should be discontinued effective immediately and notify me and Fin Director when this occurs.





Although there were two candidates for Deputy Mayor recruited through the support of Firm 1, it appeared the former Mayoral officeholder had also been considering a third candidate, a former City Councilor. That third candidate had their first paycheck dated July 1, 2021 and was announced in an email on July 3, 2021. The former City Council considered the appointment of the former Deputy Mayor on August 17, 2021; however, chose not to confirm the candidate for the position, per Resolution 21-260. Ultimately, the Deputy Mayor served for six months.

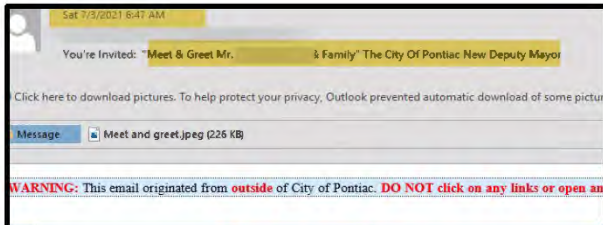
After the resolution failed, the former Mayoral officeholder granted an "Interim" title to the Deputy Mayor. This seemed to follow the initial plan that was communicated back on December 18, 2020 to utilize the "Dep Mayor (or Interim)" title. This demonstrated dysfunction in the check and balance controls between the former Mayoral officeholder and the former City Council.

Payroll Register		Check Dates: 01/02/2020 to 05/10/2022								Page 77 of 1511		
City of Pontiac (104145)		Processes: 2020010201 - 2022051001										
		Pay Periods: 12/15/2019 to 05/02/2022										
Emp Id	Code	Hours	Rate	Amount	Code	Status	Taxable	Amount	Code	Amount	Vchr	4438
114188	SALRY	24.00	48.08	1,153.85	FITW	M-0	1,153.85	18.85			Type	Regular
Salary	3846.16				MED		1,153.85	16.73			Chk Date	7/1/2021
Rate	48.08				SS		1,153.85	71.54			Net	986.15
Freq	B				MI	M-0	1,153.85	49.04			Dr Dep	986.15
					MI-PONI		1,153.85	11.54				
Totals:		24.00		1,153.85	Totals:		167.70	Totals:				



4.103 Deputy Mayor

The Mayor shall appoint, with the approval of the Council, a Deputy Mayor who serves at the pleasure of the Mayor and performs the duties of the office during the absence or temporary disability of the Mayor.



Congrats To The
City of Pontiac's New
Deputy Mayor

**TODAY, Saturday, July
03, 2021
Beginning at
12:00P.M.**

**Pontiac! Meet Mayor [redacted] and
Deputy Mayor [redacted]**

Let's Keep Pontiac Moving Forward!

Write-In [redacted] for Mayor

**July 4th BBQ Meet & Greet
FREE FOOD & REFRESHMENTS**

Come out to celebrate the 4th of July with Mayor D [redacted]. There will be hot dogs, hamburgers, music and a chance to talk with the Mayor and Deputy about things that are important to you. Neighbors can also get a chance to meet Dave Konja, the new owner of Unc's Market Place.

Saturday, July 3, 2021
327 Midway Ave., Pontiac, MI 48341 12:00 PM - 3:00 PM

August 17, 2021 Approved Minutes

21-260 Resolution to approve Mayor's appointment of [redacted] as Deputy Mayor with amend language without prejudice. Moved by Councilperson [redacted] and second by [redacted]

Whereas, pursuant to City Charter Section 4.106 the Mayor has the authority to appoint a Deputy Mayor, and

Whereas, the Deputy Mayor position is currently not filled; and

Whereas, the Mayor has introduced the appointment of [redacted] as Deputy Mayor; and

Whereas [redacted] is imminently qualified to fulfill the position of Deputy Mayor;

Now, Therefore, Be It Resolved, the City Council hereby approves of the appointment of [redacted] as the Deputy Mayor for the City of Pontiac without prejudice.

Ayes: None

No

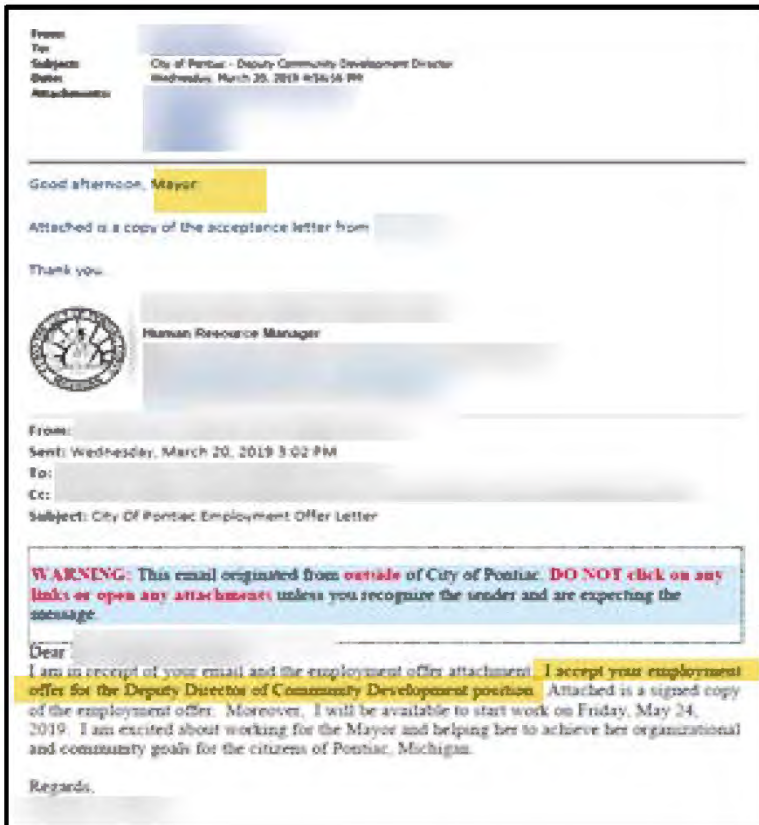
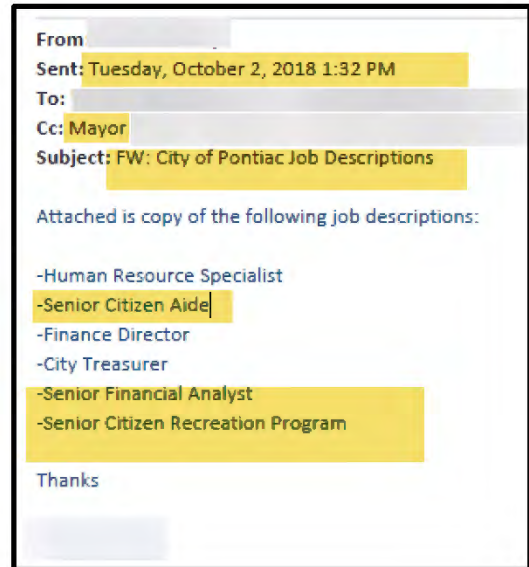
Resolution Failed



Expenditures for Other Staffing Services

From 2018 to 2020 the former Executive Office engaged with Firm 1 by email to seek assistance with staffing other City positions. There appeared to be no contract for services pertaining to those various other positions, as contracts were not located in the City’s records and were not provided by Firm 1. This was indicative that either consulting or recruitment services by Firm 1 were provided while there was not a duly executed contract.

- Senior Citizen Aide
- Senior Citizen Recreation Program
- Senior Financial Analyst
- Public Works, Assistant Accountant
- Community Development, Customer Service Representative
- Planning, Customer Service Representative
- Deputy Director of Community Development



It was unusual that there was no City payment identified for recruiting or consulting services for those other City positions. This may be due to the former Mayoral officeholder being a professional business reference for Firm 1's services, or may be due to gratuitous services agreement previously offered by Firm 1 to the City.

September 28, 2015

Mayor
City of Pontiac
47450 Woodward Avenue
Pontiac, MI 48342

GRATUITOUS SERVICES AGREEMENT

_____ offers to provide the following gratuitous services to the Mayor and/or the City of Pontiac, MI (Recipient):
Executive Recruitment services to fill the position of Executive Secretary

_____ agrees to provide the gratuitous services with the full understanding that the RECIPIENT will not compensate, provide any financial benefit to, or reimburse _____ in any manner for providing those services.

All resumes submitted for the position will be made available to _____ for the purpose of screening, and all qualified candidates resulting from screening will go through the _____ interview process.

During the first six (6) months of employment, if the applicant is terminated or leaves the RECIPIENT's employment voluntarily or for cause, _____ will place another qualified applicant at no cost to the Client. The six (6) month replacement only applies to the first candidate.

_____/Date _____/Date _____

Mayor
City of Pontiac

Our References
Executive Search Division



Mayor
City of Pontiac
47450 Woodward Avenue
Pontiac, MI 48342



Example 2.

From fiscal years 2014 to 2022 a Professional Services Firm (Firm 2) was engaged by the City for planning, code enforcement, and building safety services.

Following the end of the end of the emergency management and also end of TAB oversight, the City regained local control of finances. In the fiscal years 2018 through until the end of calendar year 2021, the City engaged with Firm 2 for continuing services through contract Addendums F, G, H, and I. These expense amounts were bifurcated between the General Fund 101-271 (Planning and Code Enforcement) and the Building Department Fund 249-371 (Building and Safety Services).

Delay in executing contracts for critical citywide services

On June 22, 2017, just eight days before the contract expired on June 30, 2017, the City and Firm 2 entered into Addendum F, which was a solely a six month “contract extension” that would expire on December 31, 2017. The reason for the extension was to continue negotiation and review of the overall contract and services. The negotiations purportedly had been ongoing in excess of six months prior to Addendum F being executed, as the Administration was exploring the benefits of in-house services.

City of Pontiac
Dept of Building Safety
and Planning

Memo

To: Mayor [redacted] Deputy Mayor I [redacted]

From: [redacted]

CC: [redacted]

Date: June 13, 2017

Re: Wade Trim Contract Extension

As you are aware, the current contract between the City and [redacted] expires on June 30, 2017.

[redacted] has been working with the administration since May 2016 to review the contract between the City and [redacted] to provide Building Safety, Planning and Code Enforcement services and to negotiate possible terms for a contract extension.

We are currently in discussions with administration staff reviewing all aspects of our services. As these discussions progress, we believe that it is in the City's best interest in extending the current contract for an additional six months to continue these discussions while providing uninterrupted service to Pontiac residents.

A copy of the contract extension that has been reviewed by the City Attorney is attached.





EXECUTIVE OFFICE MEMORANDUM

47450 Woodward Avenue
Pontiac, Michigan 48342

To: Mayor, [REDACTED]

From: [REDACTED]

CC: [REDACTED]

Date: June 13, 2017

Re: City Council Agenda Request: Professional Services Agreement, Addendum F, Amendments to a Professional Services Agreement between the City of Pontiac and [REDACTED]

As you are aware, Administration has been reviewing the existing contractual agreement between [REDACTED] and the City of Pontiac. As a result of our discussions, [REDACTED] has been made significant strides to improve contractual services by: restructuring departmental functions, implementing new internal operational policies, and hiring new staff capable of addressing departmental needs.

You may recall, at a recent City Council meeting, [REDACTED] provided an update on the City Council with an update on these contractual improvements and introduced their new staff. Please note that there have been on-going discussions between Administration and [REDACTED] in excess of six months. Additionally, Administration has conducted an internal cost analysis to examine the feasibility of bringing services in-house.

As a result of our on-going analysis and discussions, it is recommended that the City Council approve a six-month extension for all three services (Code Enforcement, Building and Planning). This extension will permit Administration to further evaluate these improvements and complete the feasibility analysis to bring these services back to the City. Also, please note that the present constructional rates will remain in effect during the six (6)-month extension. It is crucial that these services remain uninterrupted, especially during this time, when we are experiencing significant new development requests.

For your consideration, attached is a copy of Professional Services Agreement, Addendum F, Amendments to a Professional Services Agreement between the City of Pontiac and [REDACTED]

City of Pontiac Resolution

Whereas, the contract for Planning services from [REDACTED] is scheduled to expire on December 31, 2017; and

Whereas, based on the financial study conducted by the City's Finance Director dated October 2, 2017 finds and supports the feasibility of reinstating the City's Planning function; and

Whereas, the Executive Staff concurs with the Finance Director's recommendation and believes that the Planning function for the City of Pontiac is an essential service to achieve sustainable development; and

Whereas, the insourcing of the Planning function will not require additional funds to be appropriated, and it is fully supported with the current budget allocation; and

Whereas, the reinstatement of the Planning function will help to guide the present and future growth of the City of Pontiac by striking a careful balance between residential, commercial, recreational, and institutional needs; and

Whereas, the reinstatement of the Planning function will ensure that the City's Ordinances are current and maintained as they relate to zoning, building codes, environmental regulations and other important legal issues; and

Whereas, the reinstatement of the Planning function will have a positive impact on the City's budget through the development of key infrastructure development.

Now therefore, the Mayor is hereby authorized to reinstate the City's Planning function and that the following full-time positions be created and funded at the following annual salary ranges: Planning Manager (\$80,000 to \$85,000), Planner (\$63,000 to \$68,000), and Customer Service Representative (\$28,280 to \$33,280).



Addendum F term period between July 1, 2017 and December 31, 2017 was the first instance where the City was able to engage with Firm 2 without TAB oversight. It was during this period that the Finance Department and Executive Office recommended to City Council to insource the Planning and Code Enforcement Services.

DATE: October 2, 2017
TO: Mayor
FROM: Finance Director
Cc: Deputy Mayor
SUBJECT: Planning & code enforcement insourcing fiscal analysis

Mayor

Per your direction, finance department has been looking at the fiscal impact and feasibility of insourcing the Planning Department and Code enforcement functions away from back under the City of Pontiac administration.

Background:
City of Pontiac, until the arrival of emergency manager, had suspended the code enforcement and later on outsourced to , both planning and code enforcement functions.

Recommendation:
Given the fact that we have a balanced budget for the 17-18 fiscal year and the insourcing will not require additional funds to be appropriated, I believe that the process to insource the planning and code enforcement functions makes financial sense and it is fully supported with the current budget allocation.

If you (The Mayor) decide that this is the best course of action for the City and the City Council agrees with your recommendation, the following steps are in order:

- 1- Creating the positions via council resolution and establishing the pay ranges.
- 2- Posting and recruiting activity.
- 3- Setting up the office space for the new personnel.
- 4- Setting up the infrastructure to support the above insourcing

The time required for these steps can be 4 to 6 months, however, with the assistance of and looking into the possibility of utilizing some of their current staffing, the actual implementation time can be much shorter.

The above analysis and recommendation, although solid, may have not cover all the costs and considerations involved in the insourcing of these services. However, the history of these services for the last 5 years, and the new realities such as increased development etc., support the concept of bringing them back.



It appeared the Executive Office repeatedly reminded the former City Council of the contract imminent end-date (termination) and the recommendations as demonstrated by the letter dated November 17, 2017. In this letter, the former Mayoral officeholder urged action by the former City Council to decide on the recommendations provided by the Executive Office and Finance Director in October 2017.

**MAYOR
CITY OF PONTIAC**

November 17, 2017

Council President
Pontiac City Council
City Hall
47450 Woodward Avenue
Pontiac, MI 48342

RE: PENDING TERMINATION DATE FOR WADE TRIM CONTRACT

Dear President,

As you know, the extended contract will expire on December 31, 2017. I am writing to alert you to a potential situation, which could jeopardize the city's functioning, if provisions for planning services and other building department functions are not addressed in a timely fashion. If you will recall, the Administration has carried out a feasibility study for this department. We have presented our recommendations to both the Finance Committee and the Community Development Sub-Committee as well as included this matter on the Council agenda on three different occasions.

The Council has not yet acted on our recommendation despite the fact that both subcommittees mentioned above agreed that our recommendations met with their consensus.

In order to have the time to post and the positioning of these personnel we would need Council to act diligently. As usual, I stand ready to discuss with you personally, when you are willing to do so. But given the timing that has elapsed since we presented the recommendation to Council and the looming ending contract date of December 31, I thought it would be prudent and responsible to bring this to you and the Council's attention, by this letter.

Sincerely yours,

Alexandre P. Williams

Mayor

cc:

Attachment(s)

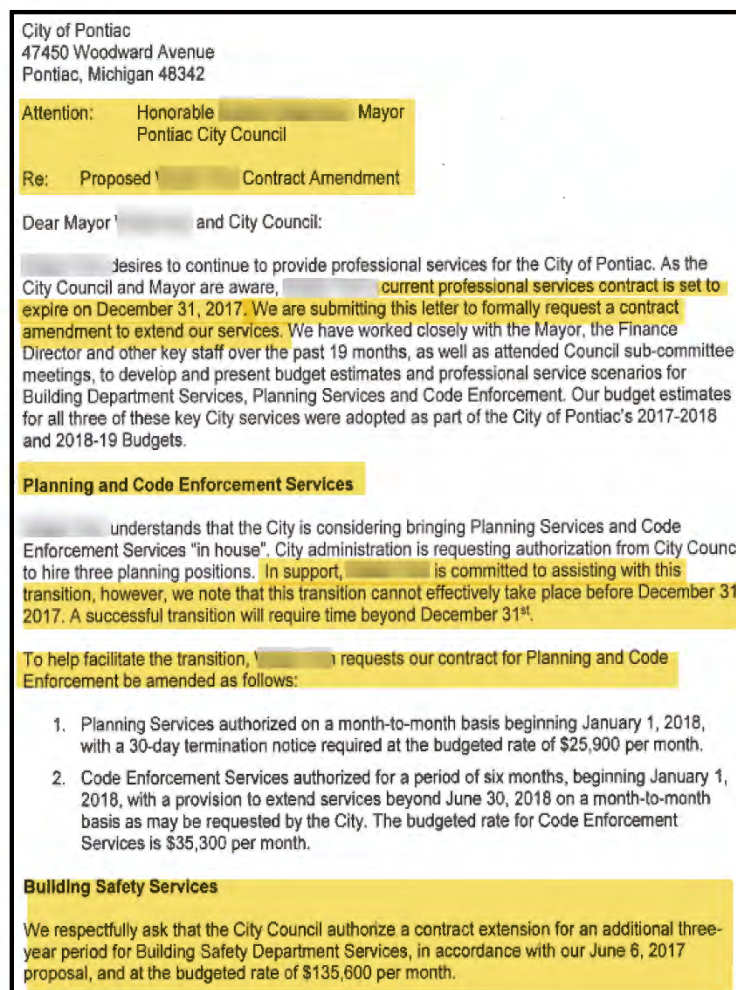
City of Pontiac
Proposal

Pertinent Meeting Timeline

<u>Date</u>	<u>Meeting</u>
• September 11, 2017	Initial Meeting with City Council Finance Sub-Committee
• October 5, 2017	Special Meeting with City Council Finance Sub-Committee Finance and
• October 12, 2017	City Council Study Session – Referred to Council Sub-Committee
• October 17, 2017	Presented to Council Community Development Sub-Committee
• October 19, 2017	Formal City Council Meeting – Request Differed.
• October 26, 2017	City Council Study Session – Directed to Schedule Special Meeting with City Council (To-Date, this meeting has not been scheduled)
• November 6, 2017	City Council Finance Sub-Committee Meeting (Canceled Due to Election - Rescheduled for November 13, 2017)
• November 13, 2017	City Council Finance Sub-Committee Meeting (Cancelled)



Then on November 28, 2017 Firm 2 wrote to the former Mayoral officeholder and former City Council their commitment to assist with transitioning functions of Planning and Code Enforcement Services back to the City. This letter communicated that a transition period would be necessary because “this transition cannot effectively take place before December 31, 2017” when the existing agreement was set to expire. The Firm 2 proposed a six month extension of Planning and Code Enforcement contracted services, to June 30, 2018.



This letter was followed by the November 30, 2017 City Council meeting. The meeting packet included the initial draft of Amendment G that was for Planning, Code Enforcement, and Building Safety. The former City Council deferred the decision to authorize the Executive Office from signing Amendment G until more information was available.

17-370 Defer until more information is available to amend Agreement
and authorize Executive office to sign. Moved by Councilperson and supported by
Councilperson

Ayes: _____
 No: None _____
Motion Carried.

City of Pontiac
Professional Services Agreement
Addendum G
Amendments to a Professional Services Agreement between
the City of Pontiac and _____
November 30, 2017

The following recitals and representations are entered into this ____ day of November, 2017, by and between the City of Pontiac, a municipal corporation whose address is 47450 Woodward Avenue, Pontiac, Michigan 48342, (City), and _____ (Contractor), and are intended to amend an Agreement for Professional Services (Agreement) originally executed by the City and Contractor on February 16, 2011.

Recitals and Representations

WHEREAS, the City and Contractor entered into an Agreement on the 16th day of February, 2011; and,

WHEREAS, the City and Contractor have amended the Agreement via Amendments A through E, most recently in October 2015 (to add Code Enforcement Services); and,

WHEREAS, on June 22, 2017, the City and Contractor entered into an extension, Addendum F, which will expire December 31, 2017, and

WHEREAS, the Contractor has demonstrated its ability to faithfully execute the terms of the Agreement; and,

WHEREAS, the City recognizes the importance of maintaining uninterrupted Building Safety, Code Enforcement and Planning services for residents and businesses; and,

WHEREAS, the City currently does not have staff to perform these services without significant interruption and disruption for the citizens of Pontiac; and,

WHEREAS, it is in the best interest of the City and the Contractor to extend the current agreement to insure uninterrupted services to the Citizens of Pontiac;

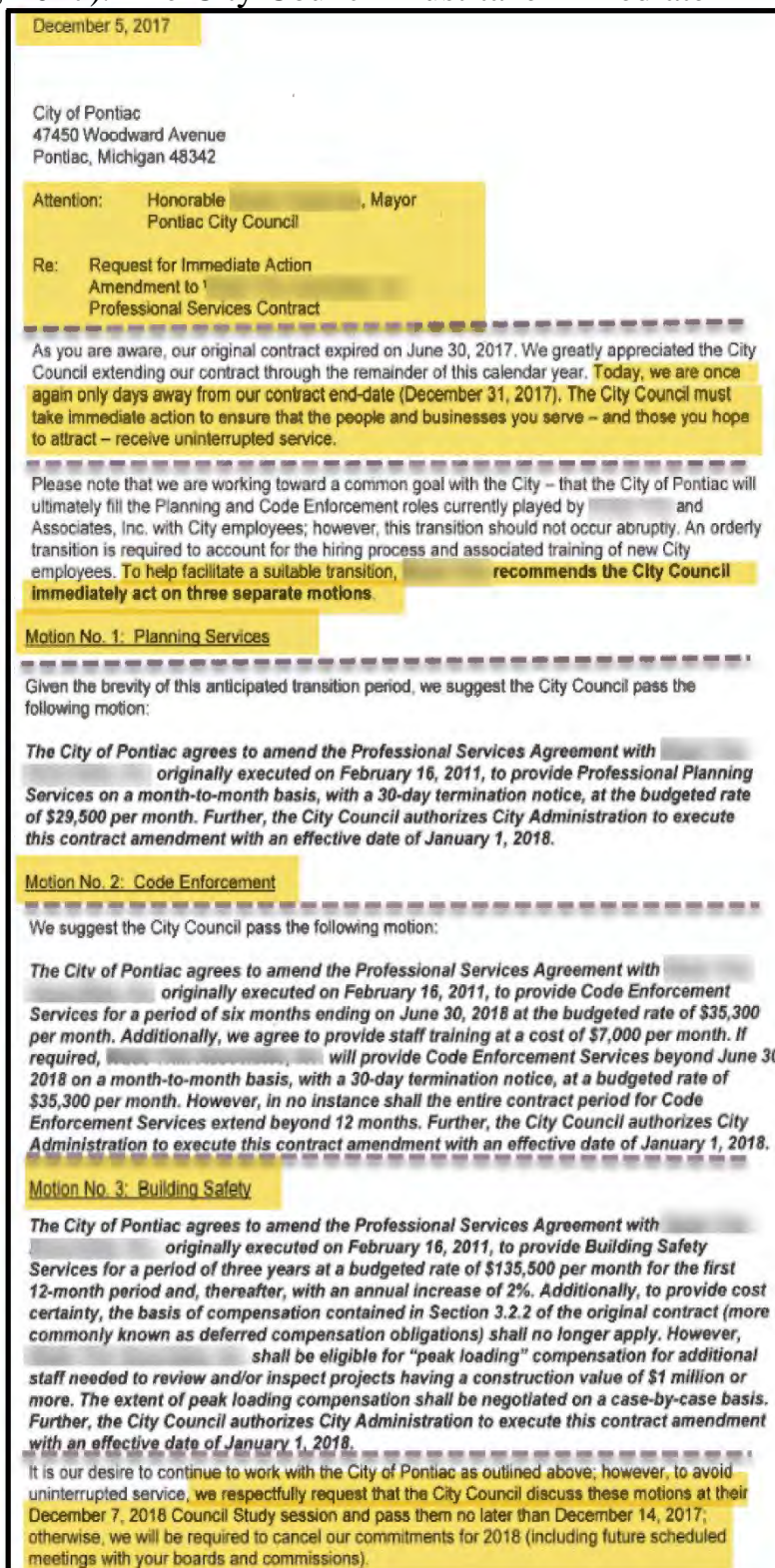
NOW, THEREFORE, the City and Contractor agree to amend the original Agreement, for the following professional services:

- Planning Services: as budgeted, starting January 1, 2018, extend services on a month-to-month basis until transition is complete; and
- Code Enforcement Services: as budgeted, starting January 1, 2018, extend services for a six-month period to end June 30, 2018; and month-to-month thereafter until transition is complete; and
- Building and Safety: as budgeted, starting January 1, 2018, extend services for a three-year period, ending December 31, 2020.

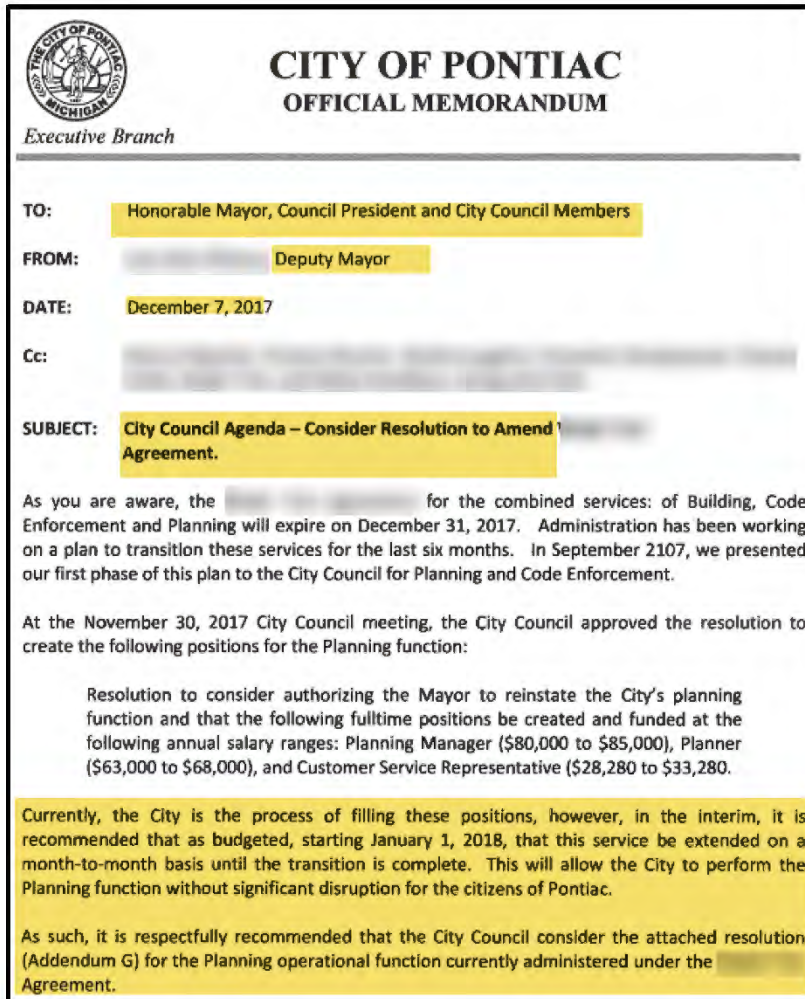
ADDENDUM G is executed and made effective as provided above.



Firm 2 sent another letter dated December 5, 2017 addressed to the former Mayoral officeholder and former City Council stating “Today, we are once again only days away from our contract end-date (December 31, 2017). The City Council must take immediate action to ensure that the people and businesses you serve – and those you hope to attract – receive uninterrupted service.” The Firm 2 recommended that the “City Council immediately act on three separate motions.” The letter further stated that if the City did not pass the three motions by December 14, 2017, then Firm 2 would be required to cancel all of their City commitments for 2018. The initial draft of Amendment G was trifurcated so that the updated Amendment G was for Planning Services only, Amendment H was for Code Enforcement, and Amendment I was for Building Safety.



On December 7, 2017 the Executive Office staff continued to recommend to the former Mayoral officeholder and City Councilors to execute contractual services with Firm 2 to avoid Planning Services, Code Enforcement, and Building Safety services from having a “significant disruption for the citizens of Pontiac”.



Disagreements between the former elected officials led to a delay where addendums were not executed timely prior to the contract end date, which created a time crisis pressure where the City needed to take immediate action to prevent disruption and shut-down of services. There were only 24 days remaining of the contract when the former City Council passed three resolutions for Addendums G, H, and I to continue contractual services for 2018. Waiting until the final days before the contract expired, and during the end-of-year holiday season, demonstrated dysfunctional management of the contract renewal processes.

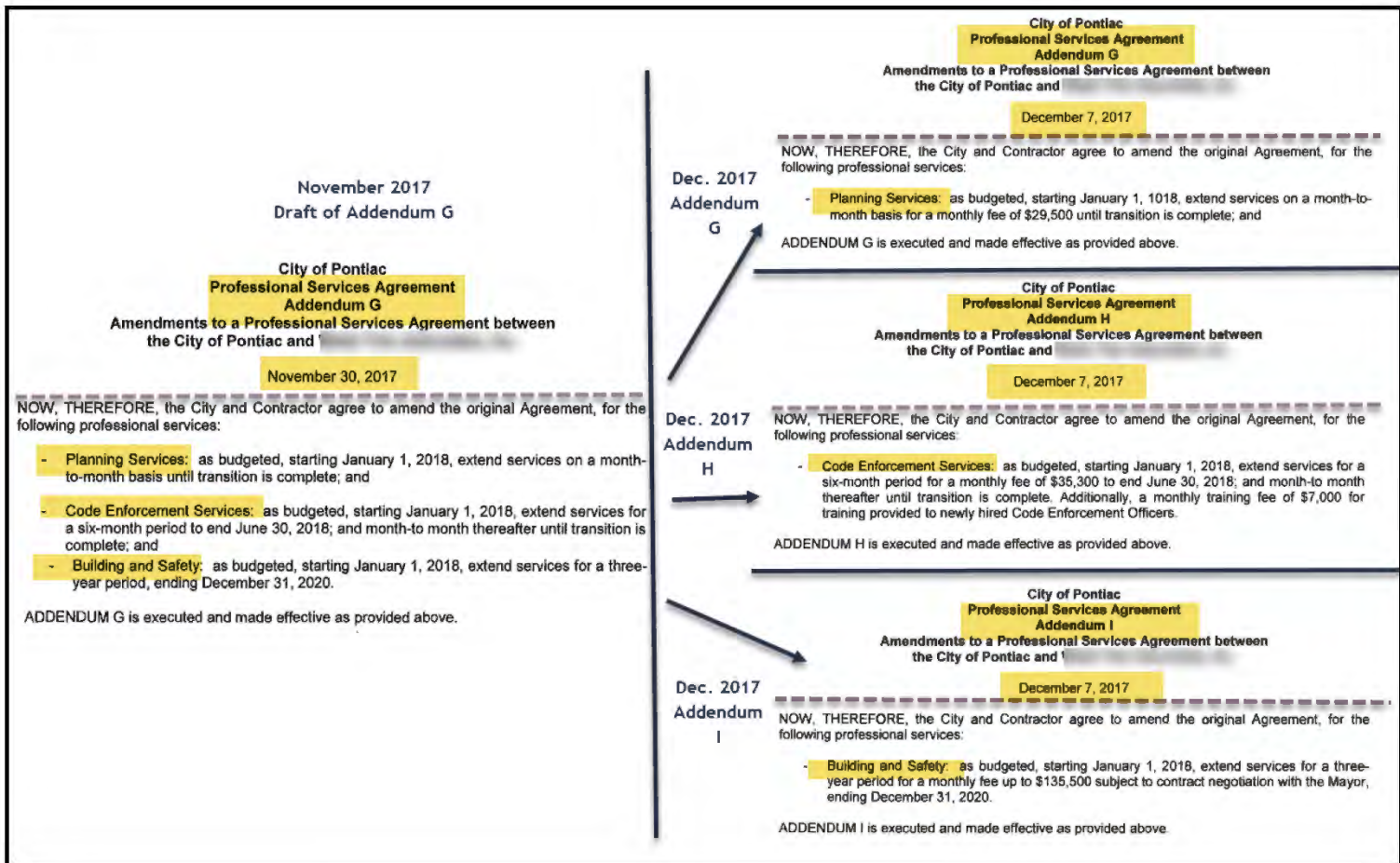


Changes to contract terms and cost for services of Amendments G, H, and I

During the self-imposed time crisis pressure, there were several different versions of Addendums G, H, and I observed throughout November and December 2017. The changes were observed when comparing the following:

- City Council packet materials for November 30, 2017 and December 7, 2017
- City Council Resolutions in official meeting minutes for December 7, 2017
- Actual Addendums signed and executed by the former Mayoral officeholder in January 2018

The City Council packet in November 30, 2017 was a draft of Addendum G for all-inclusive services for the Planning, Code Enforcement, and Building and Safety. Then the City Council packet on December 7, 2017 contained three different addendum recommendations, a change from what had been presented initially.



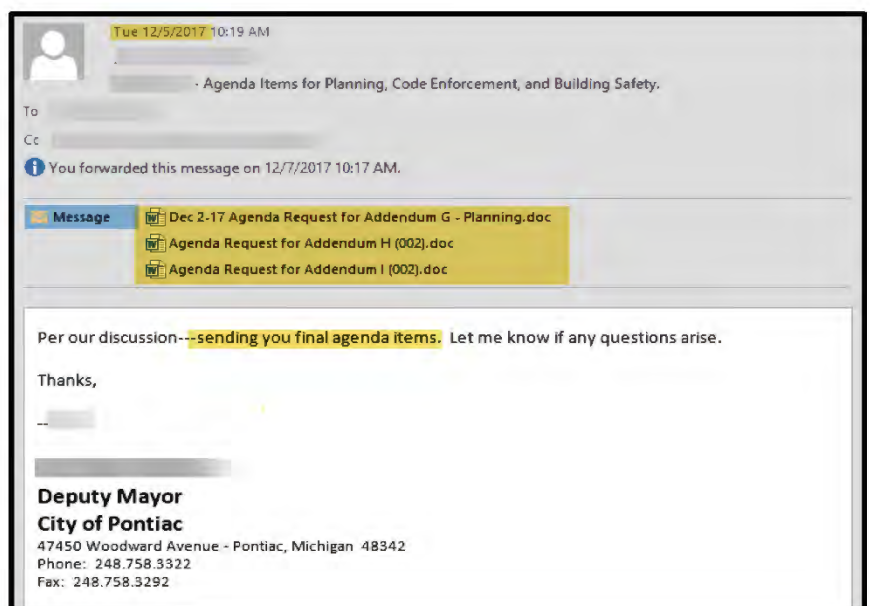
The key changes observed between the November 2017 and the December 7, 2017 drafts were as follows:

- Addendum G for Planning Services changed to a monthly fee of \$29,500 until the transition was complete.
- Addendum H for Code Enforcement Services changed to a monthly fee of \$35,300 until transition was complete; also added a monthly training fee of \$7,000 for new hire training.
- Addendum I for Building and Safety Services changed to a monthly fee of \$135,500 and added the caveat “*subject to contract negotiation with the Mayor*”.


There were no material changes identified with Addendum G or H; although the revisions and execution of Addendum I demonstrated mismanagement of the contract process by the former Executive Office. The Addendum I provided by the former Executive Office to the City Clerk for the former City Council was different than the Addendum the former Mayoral officeholder actually executed. This appeared to mislead the former City Council about the true cost of the services the City was obligated to pay and created a situation where another contract could be negotiated going forward for large projects.

The problems with the contract management renewal process began on December 5, 2017 with a communication from the former Executive Office to the City Clerk.

December 5, 2017 at 10:19am, the Executive Office emailed the City Clerk’s Office the “final agenda items.” Those agenda items were the Addendums G, H, and I that City Council saw on December 7, 2017 in their packet.



December 5, 2017 at 12:57pm, the City Clerk's Office physically date/time stamped the Executive Office's Memo with the attached Addendums G, H, and I

 **CITY OF PONTIAC**
OFFICIAL MEMORANDUM

Executive Branch

TO: Honorable Mayor, Council President and City Council Members

FROM: Deputy Mayor

DATE: December 7, 2017

Cc: [Redacted]


SUBJECT: City Council Agenda – Consider Resolution to Amend [Redacted] Agreement for Building Services.

As you are aware, the [Redacted] Agreement for the combined services (Building, Code Enforcement and Planning), expires December 31, 2017. Administration has been working on a plan to transition these services for the last six months. In September 2107, we presented our first phase of this plan to the City Council, which included Planning Services.

Currently, the City does not have internal staff to perform these services without significant disruption for the citizens of Pontiac. As such, it is recommended that the City Council consider the attached resolution (Addendum I) for the Building and Safety operational function currently administered under the [Redacted] agreement.

[Redacted]

Attachment




December 5, 2017 at 1:45pm, the City Clerk's Office distributed the "Agenda Packet 12-7-2017" to the former City Council, the former Mayoral officeholder, and Executive Office staff

Tue 12/5/2017 1:45 PM

RE: Agenda Packet 12/7/2017

To: [Redacted]

Cc: [Redacted]

Message  Agenda Packet 12-7-2017.pdf

Sorry.

Here is the attachment.

Thanks.

From
Sent: Tuesday, December 5, 2017 4:41 PM

[Redacted]

Good evening.

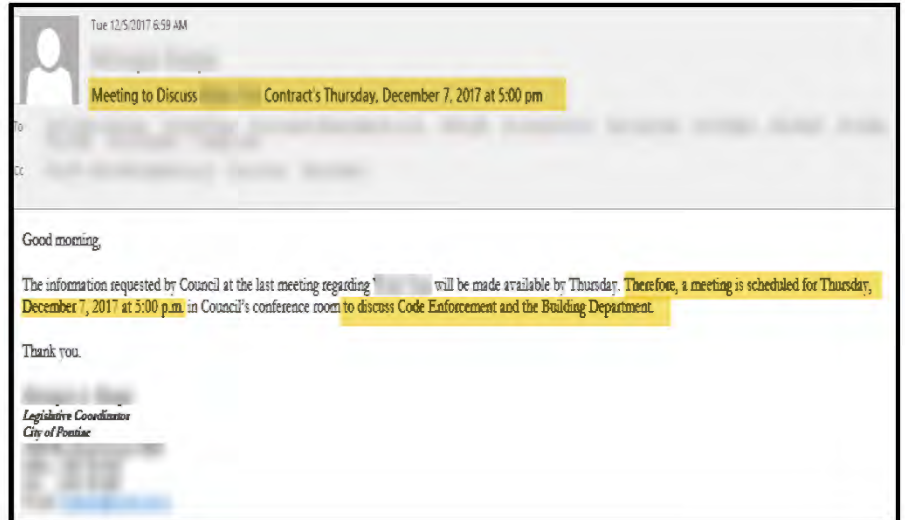
Here is the agenda packet for this coming Thursday, December 7, 2017 Council Meeting.

Have a wonderful day!!!!

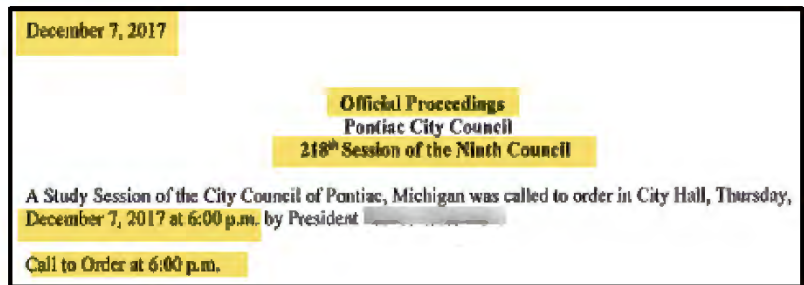
Acting City Clerk



December 7, 2017 at 5:00pm, before the City Council meeting, the City Council met to discuss the Code Enforcement, and Building Department (Addendum I)



December 7, 2017 at 6:00pm, City Council official meeting minutes reflected all Addendum resolutions passed explicit authorized amounts and contract terms for services.




There were major changes identified with Addendum I. The timeline of the problematic situation was identified as follows:

- The former Executive Office provided City Clerk with Addendum I for the City Council packet
 - Executive Office sought former City Council approval for three years of services, with an optional one year extension, and a “*subject to contract negotiation with the Mayor*” caveat
- Former City Council voted on the resolution specifically for the Addendum I in that December 7 packet
 - City Council Resolution 17-382 in official minutes showed *no expressed permission for the former Mayoral officeholder to negotiate* and established a maximum monthly set dollar amount of \$135,500



- Contract terms changed after City Council passed resolution
 - Yearly increase of costs paid in excess of the amount authorized in resolution
 - Included a *2% annual increase* of the monthly cost \$135,500
 - Contract language that led to subsequent costs for other contracted work
 - Ended the deferred compensation obligations, but replaced it with a *“peak loading” compensation on projects with construction value in excess of \$1 million*
- Firm 2 requested the additional costs in the “Request for Immediate Action” December 5, 2017 letter, and it appeared the former Mayoral officeholder did not disclose the true costs of services to the former City Council
 - It did not appear the Executive Office communicated the final contract terms and pricing to City Council

<p style="text-align: center;">City of Pontiac Professional Services Agreement Addendum I</p> <p style="text-align: center;">Amendments to a Professional Services Agreement between the City of Pontiac and _____</p> <p style="text-align: center;">December 7, 2017</p> <hr style="border-top: 1px dashed gray;"/> <p>NOW, THEREFORE, the City and Contractor agree to amend the original Agreement, for the following professional services:</p> <ul style="list-style-type: none"> - Building and Safety: as budgeted, starting January 1, 2018, extend services for a three-year period for a monthly fee up to \$135,500 subject to contract negotiation with the Mayor, ending December 31, 2020. <p>ADDENDUM I is executed and made effective as provided above.</p>	<p style="text-align: center;">City of Pontiac Resolution</p> <div style="text-align: center;">  </div> <p style="text-align: center;">17-382 Resolution to amend _____ Agreement for Building Safety Services. Moved by Councilperson _____ and supported by Councilperson _____</p> <p style="text-align: center;">City of Pontiac Professional Services Agreement Addendum I</p> <p style="text-align: center;">Amendments to a Professional Services Agreement between the City of Pontiac and _____ Associates, Inc.</p> <p style="text-align: center;">The following recitals and representations are entered into this 7th day of December 2017, by and</p> <hr style="border-top: 1px dashed gray;"/> <p>NOW, THEREFORE, the City and Contractor agree to amend the original Agreement, for the following professional services:</p> <p style="text-align: center;">Building and Safety: as budgeted, starting January 1, 2018, extend services for a two-year period (with an option for a one-year extension) for a monthly fee up to \$135,500 ending December 31, 2019.</p> <p>ADDENDUM I is executed and made effective as provided above.</p> <p>Ayes: _____ No: None</p> <p style="text-align: center;">Resolution Passed.</p>
--	--



December 5, 2017

City of Pontiac
47450 Woodward Avenue
Pontiac, Michigan 48342

Attention: Honorable _____, Mayor
Pontiac City Council


Re: Request for Immediate Action
Amendment to _____
Professional Services Contract

Please note that we are working toward a common goal with the City – that the City of Pontiac will ultimately fill the Planning and Code Enforcement roles currently played by _____ and Associates, Inc. with City employees; however, this transition should not occur abruptly. An orderly transition is required to account for the hiring process and associated training of new City employees. To help facilitate a suitable transition, _____ recommends the City Council immediately act on three separate motions

Motion No. 3: Building Safety

The City of Pontiac agrees to amend the Professional Services Agreement with _____ originally executed on February 16, 2011, to provide Building Safety Services for a period of three years at a budgeted rate of \$135,500 per month for the first 12-month period and, thereafter, with an annual increase of 2%. Additionally, to provide cost certainty, the basis of compensation contained in Section 3.2.2 of the original contract (more commonly known as deferred compensation obligations) shall no longer apply. However, _____ shall be eligible for "peak loading" compensation for additional staff needed to review and/or inspect projects having a construction value of \$1 million or more. The extent of peak loading compensation shall be negotiated on a case-by-case basis. Further, the City Council authorizes City Administration to execute this contract amendment with an effective date of January 1, 2018.

It is our desire to continue to work with the City of Pontiac as outlined above; however, to avoid uninterrupted service, we respectfully request that the City Council discuss these motions at their December 7, 2018 Council Study session and pass them no later than December 14, 2017; otherwise, we will be required to cancel our commitments for 2018 (including future scheduled meetings with your boards and commissions).



17-382 Resolution to amend _____ Agreement for Building Safety Services. Moved by Councilperson _____ and supported by Councilperson _____

City of Pontiac
Professional Services Agreement
Addendum I
Amendments to a Professional Services Agreement between
the City of Pontiac and _____ Associates, Inc.

The following recitals and representations are entered into this 7th day of December 2017, by and between the City of Pontiac, a municipal corporation, whose address is 47450 Woodward Avenue, Pontiac, Michigan 48342, (City), and _____ (Contractor), and are intended to amend an Agreement for Professional Services (Agreement) originally executed by the City and Contractor on February 16, 2011.

NOW, THEREFORE, the City and Contractor agree to amend the original Agreement, for the following professional services:

Building and Safety: as budgeted, starting January 1, 2018, extend services for a two-year period (with an option for a one-year extension) for a monthly fee up to \$135,500 ending December 31, 2019.

ADDENDUM I is executed and made effective as provided above.

Ayes: _____
No: None
Resolution Passed.

The computerized date/time stamp of the resolutions found in the City Clerk’s Office files were last modified on December 11, 2017. The resolutions were the correct versions that had been approved by the former City Council. This indicated that the final approved resolutions were available to the former Mayoral officeholder and former Executive Office staff to ensure compliance with the resolution maximum dollar amount.

	Resolution to amend _____	Building Safety Services	12/11/2017 8:48 AM
	Resolution to amend _____	Code Enforcement Services	12/11/2017 8:48 AM
	Resolution to amend _____	Planning Services	12/11/2017 8:46 AM

Although there was a time crisis to avoid a shut-down of critical services, it was not until January 17, 2018 the former Mayoral officeholder signed the Addendums. This was problematic as the City operated without a contract for almost a month. In an email from



Firm 2 to the former Mayoral officeholder, former Executive Staff, and former Finance Director it stated that the Addendum “*incorporate the language* used in the city council resolutions of approval passed last month”. It appeared to be a seriously improper practice of the former Mayoral officeholder to execute an Addendum that *did not exactly match the language* in the resolution. The resolution explicitly stated the Addendum was to be “executed and made effective as provided” for the total cost and terms for services. The financial impact to the City from the former Mayoral officeholder’s non-compliance with City Council approved resolution for Addendum I was at additional cost of \$98,220 for the annual 2% increase over the 2019 and 2020 calendar years.

December 7, 2017

WHEREAS, it is in the best interest of the City and the Contractor to extend the current agreement to insure uninterrupted services to the Citizens of Pontiac;

NOW, THEREFORE, the City and Contractor agree to amend the original Agreement, for the following professional services:

- Building and Safety: as budgeted, starting January 1, 2018, extend services for a two-year period (with an option for a one-year extension) for a monthly fee up to \$135,500 ending December 31, 2019.

ADDENDUM I is executed and made effective as provided above.

Ayes: _____
 No: None
 Resolution Passed.

Wed 1/17/2018 7:52 AM

FW: Contracts to sign

To: _____

Message

- Complete Contract with amendments Jan 9 2018 .pdf
- Addendum H Code Enforcement.pdf
- Addendum G Planning (002).pdf
- Addendum I Building Safety Services 010918.pdf

FYI

Finance Director
 City of Pontiac
 Office: (248) 750-2110

website: www.pontiac.mi.us

From: _____

Sent: Tuesday, January 16, 2018 10:13 AM

To: J _____

Cc: _____

Subject: Contracts to sign

Mayor, _____ –

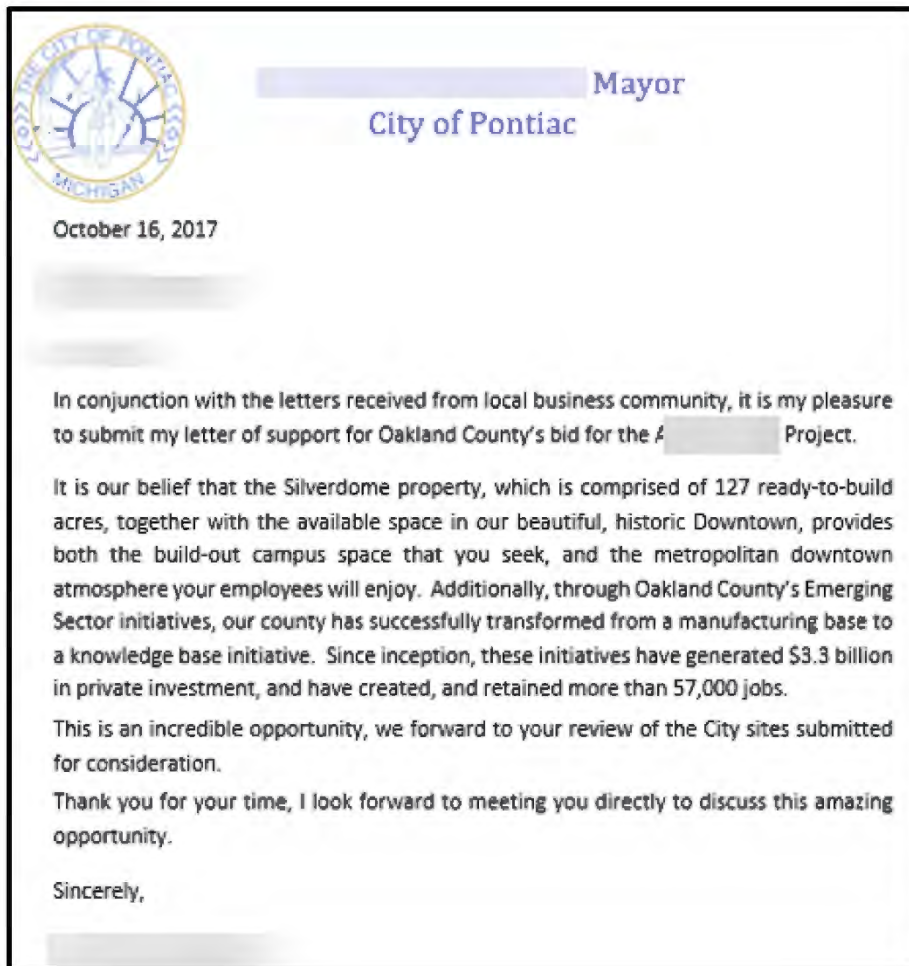
Attached please find three contract amendments for your signature. These incorporate the language used in the city council resolutions of approval passed last month. I’ll be bringing hard copies to today’s meeting for signatures.

I’ve also attached a redline copy of the contract – this has the original contract language and has indicated which sections have been added, removed or amended with the date of such changes. This is for your reference.



Increase of expenses as a result of improper contract revisions in Amendment I

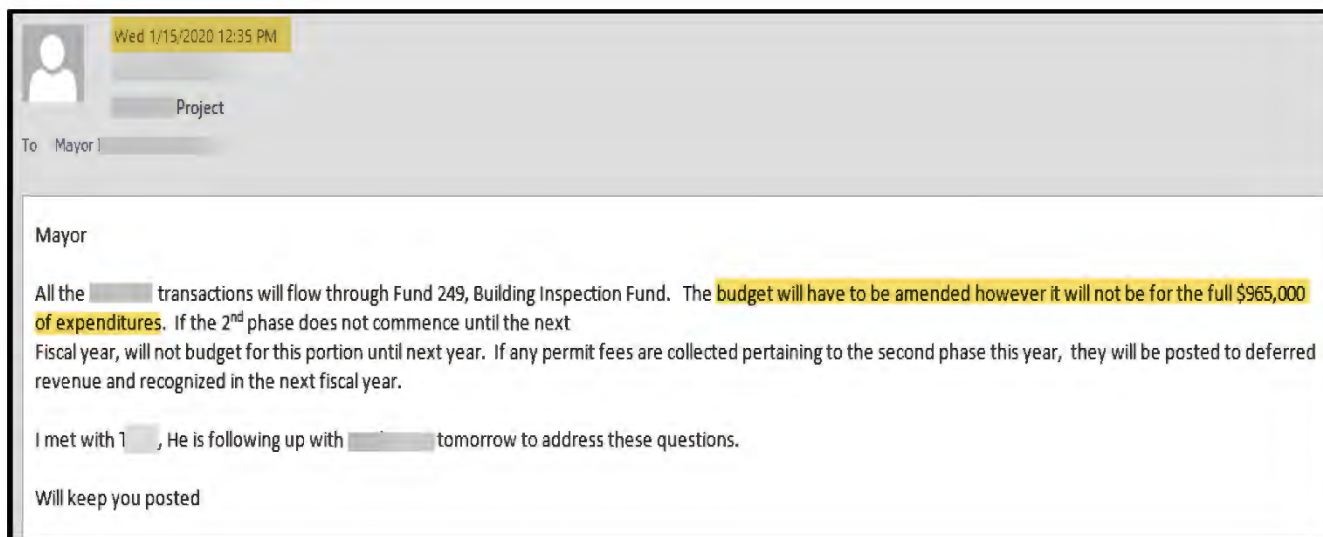
About two months before Addendum I was presented to the City Council for approval, the former Mayoral officeholder supported a county proposal for a global commerce conglomerate to construct on the Silverdome property. In the letter dated October 16, 2017, the former Mayoral officeholder proposed the Silverdome property as a ‘ready-to-build’ option for the conglomerate. It was concerning that the former Mayoral officeholder appeared to not be transparent with the former City Council about the contract term changes in Addendum I section Compensation 3.2.2 for “peak loading.” As if the Silverdome property was selected, the peak loading compensation would be triggered. It was announced publicly on September 18, 2019⁴ the conglomerate selected the Silverdome property.



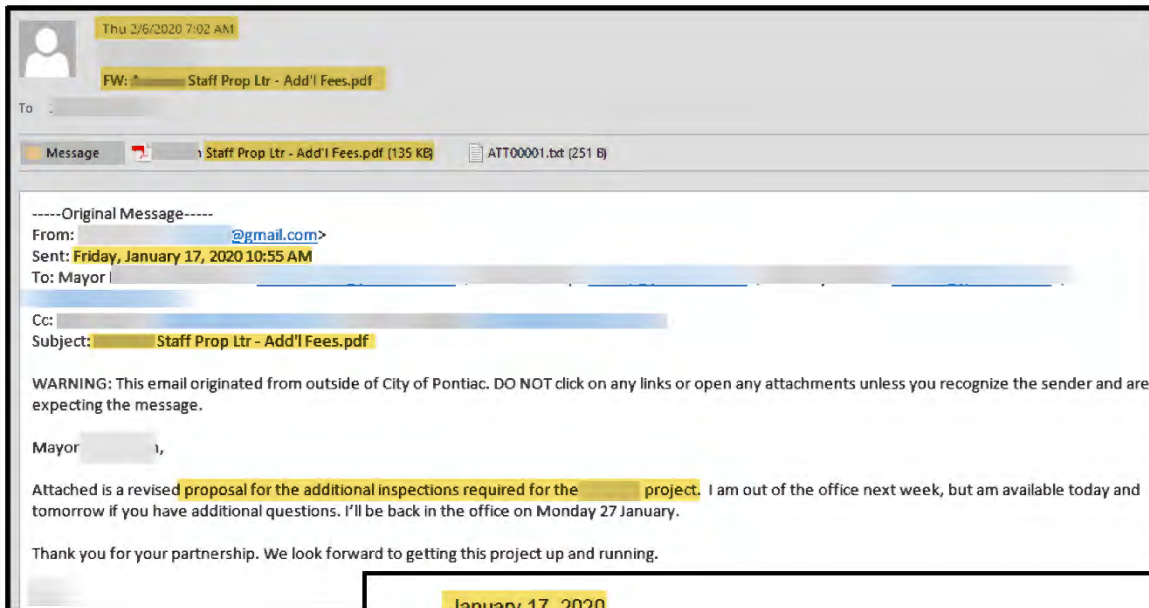
⁴ <https://www.dbusiness.com/daily-news/amazon-opens-new-robotics-facility-in-pontiac-expands-in-michigan/>



It appeared the former Executive Office began planning for the Compensation section 3.2.2 to be triggered before the former City Council was aware of the different contract terms and expenses. As early as January 15, 2020, the former Mayoral officeholder and former Finance Director were preparing the City financial fund for the “transactions will flow through Fund 249” for inspection expenses. The former Finance Director stated that “the budget will have to be amended however it will not be for the full \$965,000 of expenditures.”



In an email on January 17, 2020, Firm 2 submitted a proposal for the additional inspections required for the project. This proposal was sent directly to the former Mayoral officeholder, Executive staff employees, and the City Attorney. This email contained a document that stated “Pursuant to the contract between the City of Pontiac and [Firm 2], Section 3.2.2...” and cited the contract terms that were not approved by resolution, but was signed by the former Mayoral officeholder in Addendum I.



January 17, 2020

City of Pontiac
47450 Woodward Ave.
Pontiac, Michigan 48342

Attention: Mayor

Re: Additional Inspection Services – Project

Dear Mayor:

Congratulations on landing the project for Pontiac! This is a tremendous win for the City and we are proud to be a part of the team that will oversee the construction of these facilities.

Pursuant to the contract between the City of Pontiac and , Section 3.2.2 states:

For all building projects in excess of \$1 million in construction value, the Contractor will prepare a proposal of additional staff and resources needed to adequately service that project for approval of additional fees by the City Finance Director.

The construction value of the project is approximately \$271.6 million and will require significant additional inspection resources to meet the ambitious 18-month construction schedule proposed by . For this project, we will be required to add additional building, electrical, mechanical, and plumbing inspectors and additional administrative staff to our team so that we can provide timely on-demand inspections to the project while maintaining the current level of service for Pontiac residents and businesses for the duration of this project.



In the City Council meeting on February 18, 2020, the transcript demonstrated there was not general awareness of the true costs for services that were foreseeable due to Addendum I Compensation section 3.2.2.

11 line because of the extra prosecutions. And of course at
12 the end of the year, we didn't know about [REDACTED] And
13 [REDACTED], there's been significant legal representation for
14 [REDACTED], and as a result, we have expenditures that were
15 unbudgeted. And those are the major reasons that we're
16 over on -- on those specific line items. Any questions so
17 far?

On March 2, 2020 an Executive Memo was issued to the former City Council regarding the expanded building and safety inspection services proposal. The memo included a recommended resolution that “Therefore, be it resolved that the Mayor is authorized to negotiate and enter into an expanded Service Agreement with [Firm 2] in order to augment and promptly service the growing number of construction projects as outlined in their letter dated January 16, 2020.”⁵

Memo – Expanded Building & Safety Inspection Services Proposal
March 2, 2020
Page 2 of 2.
As such, the following updated resolution is recommended for your consideration:

Whereas, the City's contract with [REDACTED] states that “for all building projects in excess of \$1 million in construction value, [REDACTED] will prepare a proposal of additional staff and resources needed to adequately service that project for approval of additional fees by the City Finance Director”, and;

Whereas, State Law requires all building permit fees to cover the costs of performing inspections and administering the department, and;

Whereas, the Building Safety Department needs to be able to respond to all inspection and permit requests a timely manner by providing trade inspections within 72 hours of a request and building inspections within 48 hours as best possible, and;

Whereas, the growing number of construction projects currently underway necessitates the hiring of additional inspection staff to ensure that the both citizens of Pontiac and private developers will continue to receive timely inspections and permits.

Therefore, be it resolved that the Mayor is authorized to negotiate and enter into an expanded Service Agreement with [REDACTED] in order to augment and promptly service the growing number of construction projects as outlined in their letter dated January 16, 2020.

The [REDACTED] Leadership Team will be in attendance at Pontiac Finance Sub-Committee and City Council, Formal Meeting on March 3, 2020.

[REDACTED]

Attachments

Then on March 3, 2020, the City Council passed Resolution 20-94 expanding the costs for services pertaining to building and safety for the Silverdome property. Invoices were paid by the City from April 3, 2020 to November 9, 2021 for the expanded building safety services, which totaled \$961,814.60. This was the financial impact cost associated with the former Mayoral officeholder improperly authorizing the Compensation section 3.2.2 contract terms to be in Addendum I. This demonstrated dysfunction of the purchase and contracting process.

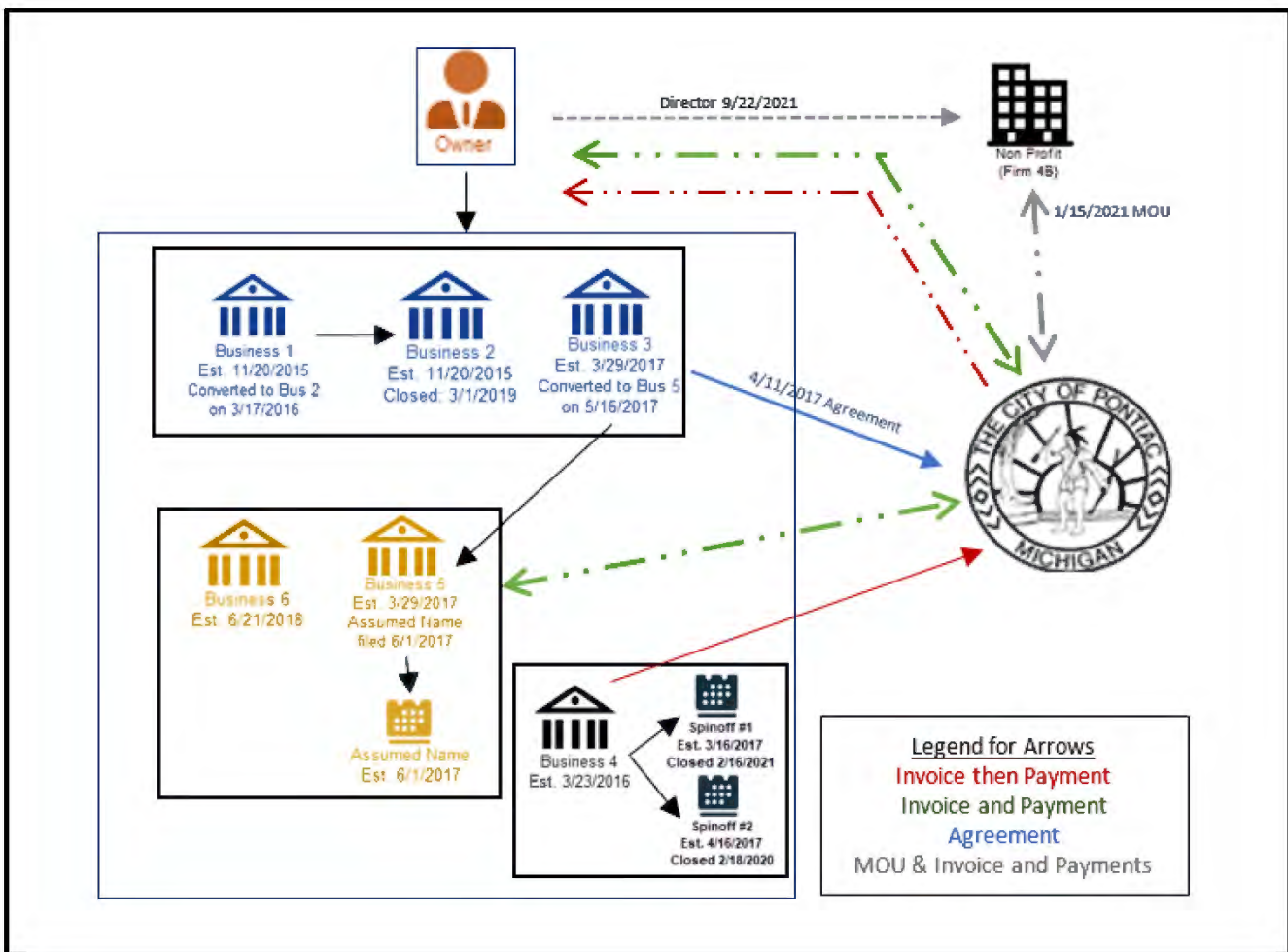
⁵ Date on recommended resolution had an error by one day. Date should have been January 17, 2020.



Example 3.

From fiscal years 2015 to 2021 a Professional Services Firm (Firm 3) and owner were engaged by the City for consulting, advisory, and mediation services pertaining to litigation, actuarial, and financial matters.

Initially with the City being overseen by TAB, the owner was personally (in their own name) engaged with the City for pension retiree (OPEB) litigation assistance. This engagement was approved by TAB on February 17, 2016 for a cap of \$15,000. From March 5, 2015 until June 2, 2017, the City paid the owner directly under Vendor #10004000 for professional services for the litigation. In May and June 2017, City payments were changed and issued to Firm 3 under Vendor #10004155 (Business #5 in graph below) and these payments continued until December 23, 2020. The owner of Firm 3 had multiple business entities during this timeframe that interacted with the City as shown in the graph.



Operating without a contract and exceeding TAB's authorized spending cap

The owner was engaged with the City as early as November 2015 for “consulting services” pertaining to pension/retiree litigation matters. Invoices were issued by the owner in their own personal name until March 2016. City accounting records showed invoices contained the signature of the former Mayoral officeholder.

INVOICE			
Bill to: City of Pontiac		Invoice number: R7	
		Invoice date: November 16, 2015	
		Due date: December 16, 2015	
		Amount due: \$948.76	
PRODUCT	QTY	PRICE	AMOUNT
Consulting 11/16 Meeting w/ MW, JC, NN	1.25	\$172.50	\$215.63
Consulting 11/16 Updated Memo & Forecast	2.5	\$172.50	\$431.25
Consulting Call w/ Treasury	1	\$172.50	\$172.50
Consulting Plan design outline development/call w/ JC	0.75	\$172.50	\$129.38
Total (USD):			\$948.76
Amount Due			\$948.76
Pay this invoice online at:			
<i>Ardis Watson</i>			

INVOICE			
Bill to: City of Pontiac		Invoice number: R6	
		Invoice date: November 16, 2015	
		Due date: November 16, 2015	
		Amount due: \$4,657.51	
PRODUCT	QTY	PRICE	AMOUNT
Consulting 2/18/15 Meeting w/ MW & S.H. re: Retiree Settlement	1.5	\$172.50	\$258.75
Consulting 3/3/15 Conference Call	0.5	\$172.50	\$86.25
Consulting 3/31/15 Conference Call	1	\$172.50	\$172.50
Consulting 5/12/15 Mediation Meeting	3	\$172.50	\$517.50
Consulting 6/2/15 Pre-Mediation Meeting	1.5	\$172.50	\$258.75
Consulting 6/4/15 Retiree Meeting	3	\$172.50	\$517.50
Consulting 8/26/15 Retiree Meeting	2.5	\$172.50	\$431.25
PRODUCT	QTY	PRICE	AMOUNT
Consulting 2/4/15 Review of Plaintiff proposal	0.25	\$172.50	\$43.13
Consulting 5/6-8/15- MERS Valuation call/review	2	\$172.50	\$345.00
Consulting 10/6-7/15 MERS revised valuation	1.5	\$172.50	\$258.75
Total (USD):			\$4,657.51
Amount Due			\$4,657.51
Pay this invoice online at:			
<i>Ardis Watson</i>			

During the February 17, 2016 TAB meeting, the former City Administrator, former Finance Director, and former Mayoral officeholder met with TAB Board Members to discuss the “Approval of Professional Services Agreement” with the owner (Vendor #10004000). As documented in the transcript TAB kept of this meeting⁶, the former City Administrator stated that “The City had used the services...” of the owner for the OPEB litigation and “we have reached our \$10,000 limit”.

When TAB inquired about the services that were being performed, the former Mayoral officeholder explained that the owner “has been able to help us where the attorneys don’t have the expertise to work with the actuarial evaluations...and has been involved with us from the beginning”. The former City Administrator and former Mayoral officeholder

⁶https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/RTAB/2016/PontiacRTAB02172016Minutes_2016.pdf?rev=573cbe3ea354422483c14d346f447fb5&hash=4D37556D43C10FCAD90E746D8640184B



requested permission from TAB to approve a “no limit” professional services agreement going forward with the owner. The City asked TAB “that no limit be placed” on spending to the owner for services pertaining to litigation, until such time that litigation was settled. It was during this meeting that the former Mayoral officeholder stated that “I don’t know that [Vendor #10004000] has submitted a contract...” and “however it gets done, however we need to do it, to continue his engagement, he’s a vital part of getting answers we need to proceed with the mediation and the litigation.” After discussion, TAB approved to “cap additional payment to [Vendor #10004000] at \$15,000.” While TAB approved a \$15,000 expense cap, a contract was not located.

CHAIRPERSON [REDACTED]: That's true,
it's not an EM Order.

Any further discussion? So just for
clarification, this is not an EM Order which
requires a recommendation to the State Treasurer.
It's a contractual issue, and the motion on the
floor is to cap additional payment to Mr.
[REDACTED]
at \$15,000.

Any further discussion? Seeing none,
all in favor of the motion say "Aye."

(All ayes.)

CHAIRPERSON [REDACTED]: Opposed, same
sign. The motion is approved.



: Could you give us an idea of what services are being provided, please?

 : I will defer to the Mayor on that one.

MAYOR : I can supply this information, because Mr. [REDACTED] has been an important part of mediation. Of course, since [REDACTED] is not intrinsically involved in the mediation, he would not be aware of Mr. [REDACTED] role in this.

Mr. [REDACTED] has great financial expertise and has been able to help us where the attorneys don't have the expertise to work with the actuarial evaluations, as well as to work with the -- without giving out a lot of the things that are going on in mediation -- to work with some of the other insurance considerations and brokerage firms. Mr. [REDACTED] has a background and having been involved -- in fact, he's finance director for [REDACTED] County right now, and has been involved with us from the beginning through the attorneys who have been charged with helping with the mediation and the litigation.

 and I have a difference about how this should be approached. I don't know that Mr. [REDACTED] has submitted a contract as such. The way Mr. [REDACTED] was engaged, was as a consultant to the attorneys and was brought in under the attorney's line item for dealing with the GERS litigation.

So, for some reason, [REDACTED] feels that needs to be changed. I do not feel so. There's a difference. However it gets done, however we need to do it, to continue his engagement, he's a vital part of getting the answers we need to proceed with the mediation, which is now in its ninth month, and he's a very important part of that progress and attempt to resolve this very important issue. As

 : As was indicated earlier, the issue of [REDACTED] litigation continues. The City had used the services of Mr. [REDACTED]. We have reached our \$10,000 limit. And speaking with the Mayor and the Finance Director, they believe that [REDACTED] service is very valuable to the City. Unfortunately, due to the nature of litigation, we don't know how much longer those services will be needed. So we are requesting continued use of those services of Mr. [REDACTED] as a consultant in the litigation at a rate of \$172.50 per hour, until such time that litigation is settled. In other words, no limit.

 Actually, this is not covered under EM Order. This is just below a level of an EM Order, because we are limited to contracts and engagements at \$10,000 without permission of this Board. Now we are asking for permission to continue to expend in excess of \$10,000, but we're asking that no limit be placed.

CHAIRPERSON : That's true, it's not an EM Order.

Any further discussion? So just for clarification, this is not an EM Order which requires a recommendation to the State Treasurer. It's a contractual issue, and the motion on the floor is to cap additional payment to Mr. [REDACTED] at \$15,000.

Any further discussion? Seeing none, all in favor of the motion say "Aye."

(All ayes.)

CHAIRPERSON : Opposed, same sign. The motion is approved.



Prior to the February 17, 2016 TAB meeting, the City had issued \$10,306.90 in payments to the owner from March 2015 to January 29, 2016. As seen in the transcript, the Mayoral discretionary spending limit of \$10,000 had been used and approval was needed to spend additional funds. It is concerning that TAB was retroactively engaged, as the owner had an outstanding invoice the City had not yet paid. Invoice #rg8 was issued on December 29, 2015, with a payment due date of January 28, 2016, which was one month prior to the meeting with TAB. The City had used vendor services without proper authority to spend. This invoice was paid March 8, 2016 with the funds TAB approved in February 2016.

INVOICE

United States

BILL TO
City of Pontiac
Terith Floor Columbie Center 101 West
Big Beaver Road Troy, Michigan 48064-5280

Invoice Number: rg8
Invoice Date: December 29, 2015
Payment Due: January 28, 2016
Amount Due (USD): \$3,751.88

16-7187

Product	Quantity	Price	Amount
Consulting Pontiac Meadowbrook Call 12/28/16	1	\$172.50	\$172.50
Consulting Pontiac Prep Call 1/15/16	0.75	\$172.50	\$129.38
Consulting Proposal & forecast development + discussions 1/19-20/16	5	\$172.50	\$862.50
Consulting Proposal development 1/25&28	5	\$172.50	\$862.50
Consulting Mediation 1/26/16	4.5	\$172.50	\$776.25
Consulting Mediation prep 2/2-4/16	2	\$172.50	\$345.00
Consulting PONTIAC (CPREA) - facilitation 2/5	3.5	\$172.50	\$603.75
Total:			\$3,751.88

Amount Due (USD): **\$3,751.88**

Pay this invoice online at:

[Signature]
3/8/16

By the December 15, 2016 payment, the City had used the \$15,000 plus an additional \$1,382.37 in excess of the TAB approved funds. Even after the funds were exhausted, the City continued to issue payments to the owner. The former City Administrator, former Finance Director, or former Mayoral officeholder appeared not to have met with TAB again or the City Council to request another approval for spending. In total, there was \$22,685.30 of financial impact to the City from improper payments to Vendor #10004000 that were not authorized as required.



Date	Check #	Amount \$	Spending Details	Journal Entry
3/11/2016	516037	\$ 3,751.88	TAB Authorized Spending	659-854-818 (GERS/MERS Litigation)
4/28/2016	516278	\$ 3,926.11		
6/2/2016	516471	\$ 909.08		
10/6/2016	517322	\$ 4,531.58		
11/17/2016	517628	\$ 388.13		
12/15/2016	517757	\$ 2,875.59		
1/26/2017	518029	\$ 2,932.50		
3/9/2017	518325	\$ 1,202.34		
3/23/2017	518419	\$ 8,092.82		
4/13/2017	518520	\$ 7,822.90		
5/4/2017	518651*	\$ 1,252.37	Unauthorized Spending	
Total Spent		\$ 37,685.30	Overspent: \$22,685.30	

All payments issued to Vendor #10004000 (owner)

*Check was voided and reissued as #519074 to Vendor #10004155 (Firm 3)

Purchase Order #15-5914 was used for the payments based on the former Mayoral officeholder's discretionary spending. Purchase Order #16-7189 was for TAB's approval of the \$15,000 additional cap in spending. The City depleted the additional funding and by the December 15, 2016 payment had overspent TAB's cap. There were eight other purchase orders in fiscal year 2017 that when totaled was \$37,978.52, which was in excess of the Mayoral discretionary spending limit. Each of those purchase orders had journal entry amounts under \$10,000, ranging from \$1,202.34 to \$8,092.82, which seemed to be structured under the Mayoral discretionary spending limit. There was one Purchase Order #17-9101 which was for the "Advisory Services" that was in excess of the Mayoral discretionary spending limit. This engagement was later paid directly to Firm 3 (Vendor #10004155). The purchase orders were allocated to the Insurance GERS/MERS 659-854 fund which appeared proper except for the May 15, 2017 purchase order for advisory services.

Journal Entries Amount	Journal Entries Description	Journal Details Description	Journal Entries Entry Date
\$ 9,999.83	PO: 15-5914, TAB	Vnd: 10004000 PO #: 15-5914	3/2/2015
\$ 5,299.20	Carried Forward PO: 15-5914	Vnd: 10004000 PO #: 15-5914	12/23/2015
\$ 307.07	Change Order: 15-5914	Vnd: 10004000 PO #: 15-5914	1/28/2016
\$ 15,000.00	PO: 16-7189, 1	Vnd: 10004000 PO #: 16-7189	2/17/2016
\$ 1,493.22	Liquidated PO: 16-7189	Vnd: 10004000 PO #: 16-7189	2/17/2016
\$ 2,875.59	PO: 16-8484,	Vnd: 10004000 PO #: 16-8484	12/12/2016
\$ 1,307.55	PO: 17-8665,	Vnd: 10004000 PO #: 17-8665	1/24/2017
\$ 1,624.95	Change Order: 17-8665	Vnd: 10004000 PO #: 17-8665	1/26/2017
\$ 1,202.34	PO: 17-8803,	Vnd: 10004000 PO #: 17-8803	3/3/2017
\$ 8,092.82	PO: 17-8876,	Vnd: 10004000 PO #: 17-8876	3/21/2017
\$ 7,822.90	PO: 17-8939,	Vnd: 10004000 PO #: 17-8939	4/10/2017
\$ 1,252.37	PO: 17-9030,	Vnd: 10004000 PO #: 17-9030	5/1/2017
\$ 13,800.00	PO: 17-9101,	Vnd: 10004000 PO #: 17-9101	5/15/2017



The former Mayoral officeholder continued to engage with the owner, which appeared to include operating without a valid contract and unauthorized overspending. A timeline of Vendor #10004000 with Invoice Register for GERS/MERS 659-854 and TAB engagement is as follows:

- February 17, 2016: TAB meeting:
 - Former City Administrator and former Mayoral officeholder and former Finance Director initially requested a “no limit” of spending to the owner for the litigation matters
 - Former Mayoral officeholder stated that “I don’t know that [Vendor #10004000] has submitted a contract...” and “however it gets done, however we need to do it, to continue his engagement, he’s a vital part of getting answers we need to proceed with the mediation and the litigation.”
 - Former Finance Director stated the owner was paid “directly” and not “through the legal firm”

21	MEMBER SIMON: But again, is the City
22	paying him directly, or are we paying the legal
23	firm?
24	MR. [REDACTED]: Yes. No, we pay him
25	directly. Used to be through the legal firm --
1	MR. [REDACTED]: [REDACTED]. [REDACTED]
2	[REDACTED].
3	MEMBER SIMON: Okay.

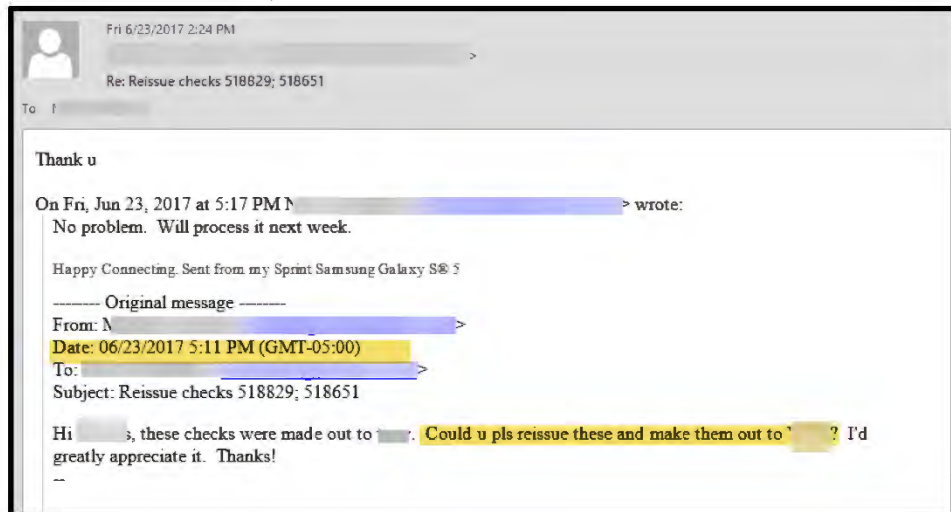
- TAB capped additional spending at \$15,000
- February 17, 2016: Purchase Order #16-7189 was created for the additional funds for the \$15,000 TAB cap
- December 15, 2016: City payments overspent TAB authorized cap
- Fiscal Year 2017: All but one purchase orders were divided into smaller units below the Mayoral discretionary spending limit
 - Overspent the TAB cap by \$22,685.30
 - Overspent the \$10,000 Mayoral discretionary spending limit by \$12,685.30



- Expenses were not paid to a law firm, therefore City Council approval was needed for professional service contracts
- TAB and City Council appeared not to be engaged by the Executive Office for overspending of funds for fiscal year 2017 or for executing professional services contract

Scope of services changed and unauthorized spending on advisory services

In June 2017, a representative from Firm 3 advised the former Finance Director that two outstanding checks should be reissued directly to Firm 3 (Vendor #10004155). Those two checks were originally issued on May 4, 2017 (\$1,252.37) and June 2, 2017 (\$13,800.00) to the owner’s name (Vendor #10004000). The May check was for OPEB retiree litigation services but the June check was for a different scope of work for advisory services. The City reissued a single check for \$15,052.37 on June 29, 2017 that was recorded in the financial system as GERS/MERS 659-854-181, which seemed problematic as the \$13,800 was not for GERS/MERS services but was for other advisory services. All payments thereafter from June 2017 to December 2020 were paid to Firm 3 (Vendor #10004155).



This email coincides with the timing of an unsigned proposal agreement dated April 11, 2017. This agreement was addressed to the former Mayoral officeholder, and detailed a monthly fee of \$13,800 to perform “financial and advisory services.” This proposal did not appear to be for legal or accounting services and therefore, professional services contracts in excess of \$10,000 required City Council approval (2-251). The TAB or City Council official meeting minutes and agenda packets, ordinances, or resolutions did not



have approval of the advisory expenses to Firm 3 (Vendor #10004155). The unsigned proposal agreement showed the scope of advisory services included⁷:

- Firm 3 advised on insourcing and outsourcing pertaining to Firm 2 services.
- Firm 3 advised on City departments and organizational structure which appeared to influence services the City sought from Firm 1.
- Firm 3 advised on millage start up and programming for recreation services provided by Firm 4B. The owner later became a Director at Firm 4B.

PERSONAL AND CONFIDENTIAL
04/11/2017

City of Pontiac
Mayor
47450 Woodward Ave
Pontiac, Michigan 48342

Dear Mayor [REDACTED],

This is our response to your request for a proposal for financial and advisory services to be provided to the City of Pontiac, Michigan.

Services

Services are contemplated to initially include, but are not limited to:

- Perform insourcing vs. outsourcing strategy and analysis
 - Includes the following departments but is not limited to: DPW, Buildings, Public Safety and grant administration
- Assist in development of contractor performance metrics (operational vs. financial) and evaluate cost reduction opportunities
- Assist in potential contract negotiations
- Assist in the budget development process
- Assist the City in determining the reasonableness of the water rates
- Evaluation of the City's departments and operations for effectiveness, efficiency and organizational structure
- Assistance with recreation millage start up and programming
- Provide financial and operational analysis and advisory services as needed

Fees and Expenses

The fees for our services are a flat monthly fee of \$13,800 and will be due when incurred and will be billed monthly, together with out-of-pocket expenses incurred. Payment is due upon receipt of invoice.

Additional Terms

The terms and provisions set forth on Attachment A are incorporated herein and are a part of this Engagement.

Again, thank you for your interest. We look forward to working with you.

Very Truly Yours,

[REDACTED]

Acceptance / Agreement

If you are in agreement with the scope and terms as proposed, please indicate your understanding and acceptance by signing below and returning a copy to us. Upon receipt, we will contact you to coordinate our work.

ACCEPTED AND AGREED TO BY:

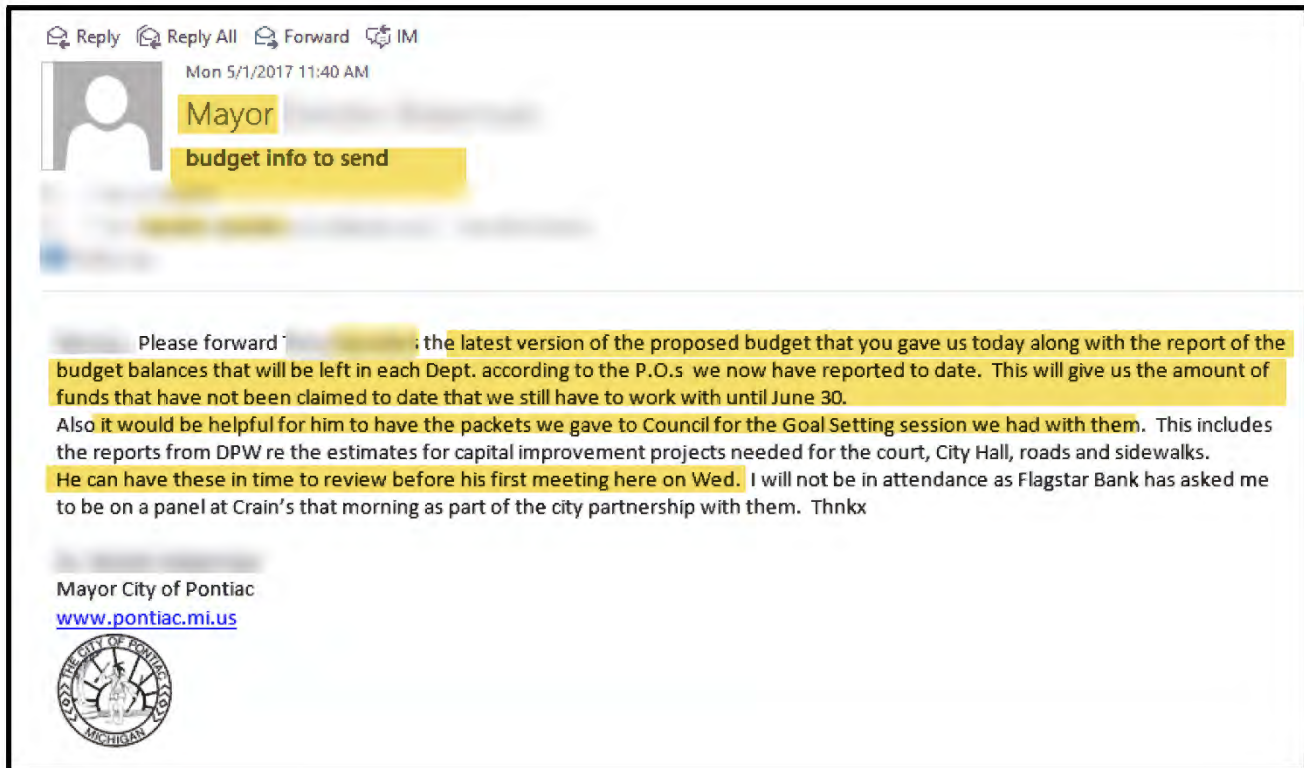
City of Pontiac, Michigan

DATE

⁷ Reference Firm 1 Example: resolution 18-322 for staffing and recruitment consulting services
Reference Firm 2 Example, Addendum G and H, where the City decided to bring back in-house planning and code enforcement functions



During this time, on May 1, 2017, the former Mayoral officeholder requested the former Finance Director to provide the owner of Firm 3 the “proposed budget” and “budget balances that will be left in each Dept” so a determination could be made for “the amount of funds that have not been claimed to date that we still have to work with until June 30.” This email demonstrated how the former Mayoral officeholder identified funds to pay for the Firm 3 services.



On May 14, 2017, the City received the first invoice for \$13,800, which was due immediately. This invoice cited “Monthly Flat Fee- Engagement 1 Services Rendered”; no supporting details were found for the services that were billed for that month. The next day, in response to the first invoice, the former Finance Director emailed the former Mayoral officeholder the invoice and asked to “sign the attached invoice from [Firm 3] for processing. Please note the amount is more than \$10,000. Also, need to know the length of the contract.” The former Mayoral officeholder replied “Received. We can review tomorrow in reference to the city terms for handling accounting.”




Mon 5/15/2017 3:32 PM
 Mayo
 RE: Invoice 1006 from Advisory Group,LLC

To

Received. We can review tomorrow in reference to the city terms for handling accounting.

Mayor City of Pontiac



From: [Redacted]
Sent: Monday, May 15, 2017 1:36 PM
To: Mayor [Redacted]
Cc: [Redacted]
Subject: FW: Invoice 1006 from Advisory Group,LLC

Advisory Group,LLC
 660 Woodward Ave, Suite 2400
 Detroit, MI 48226

INVOICE

BILL TO
 City of Pontiac - Engmt.1
 46450 Woodward Ave
 Pontiac, MI 48342

INVOICE # 1006
DATE 05/14/2017
DUE DATE 05/14/2017
TERMS Due on receipt

ACTIVITY	QTY	RATE	AMOUNT
City of Pontiac - Engagement 1:Advisory Services	1	13,800.00	13,800.00
Monthly Flat Fee - Engagement 1 Services Rendered		0.00	

BALANCE DUE \$13,800.00

Mayor,
 Please sign the attached invoice from [Redacted] for processing. Please note that the amount is for more than \$10,000. Also, need to know the length of the contract.

Finance Director

Invoices were provided to the former Mayoral officeholder for approval. From June 2017 to July 2018 there were 12 payments for advisory services invoices, which included at least the \$13,800 flat monthly fee, a prorated check, and a partial payment, which totaled \$152,989.05 paid to Firm 3. Most of the advisory service payments occurred after TAB oversight ended, when the City regained financial control.

Date	Check #	Amount \$	Unauthorized Spending Details	Journal Entry	
6/22/2017	518971	\$ 14,024.26	Monthly fee plus expense	101-206-818 (General Fund Financial Administration)	
6/29/2017	519074*	\$ 15,052.37	Monthly fee plus OPEB expense	659-854-818 (GERS/MERS Litigation)	
7/27/2017	519288	\$ 13,800.00	Monthly fee	101-206-818 (General Fund Finance Administration)	
8/31/2017	519567	\$ 13,800.00	Monthly fee		
9/14/2017	519685	\$ 16,869.76	Monthly fee plus expense		
11/21/2017	520302	\$ 13,800.00	Monthly fee		
12/7/2017	520406	\$ 13,800.00	Monthly fee		
12/22/2017	520554	\$ 13,800.00	Monthly fee		
2/22/2018	521037	\$ 13,800.00	Monthly fee		
3/8/2018	521170	\$ 13,800.00	Monthly fee		
5/18/2018	521607	\$ 3,942.66	Prorated monthly fee		
7/5/2018	521980	\$ 6,500.00	Partial payment of monthly fee		
Total Overspent		\$ 152,989.05			

All payments issued to Vendor #10004155

*Check was reissue from Check #518651 and #518829 to Vendor #10004000 (owner)

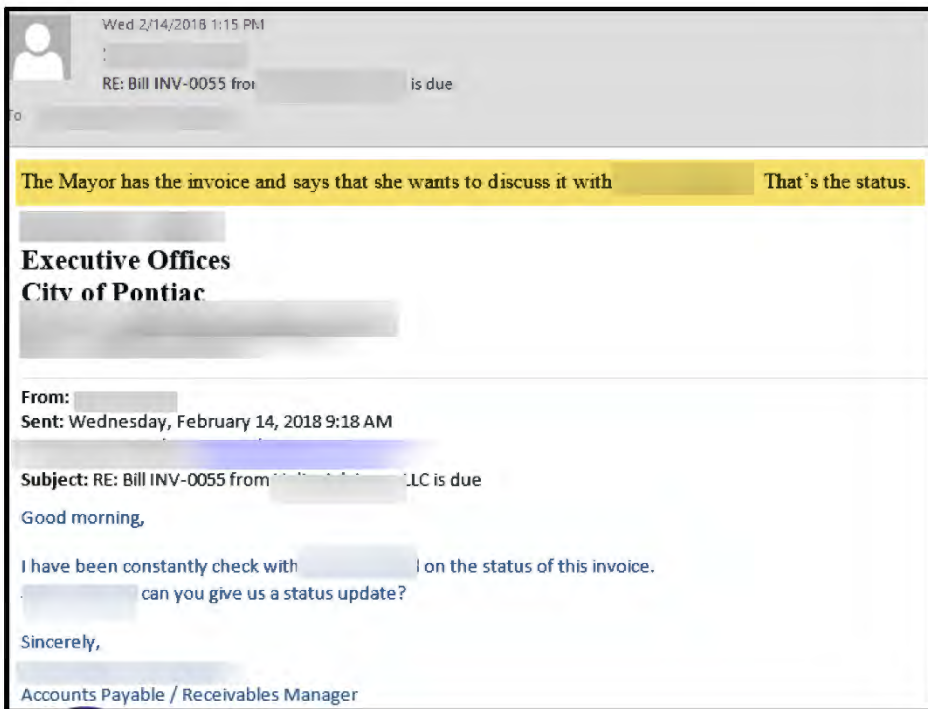


On June 1, 2017 there was an email exchange between the former Finance Director and the representative at Firm 3. In this conversation, Firm 3 inquired about when payment would be made, as the City had not paid the invoice immediately. Firm 3 inquired if there was a “problem” with getting the check issued. The former Finance Director responded that “not having a signed contract” was a problem, but that the City “should be processing the payment soon”. The representative responded “...if you don’t have an executed contract how are you processing payment soon? Can you clarify?” (sic). This email demonstrated that the City was operating without a duly executed contract.



There were recurring instances when it was demonstrated that the former Mayoral officeholder was the approver for payment on invoices. Some examples include:

- On February 14, 2018 the Finance Department inquired with the former Executive Office about a past due invoice, and the Executive Office replied “The Mayor has the invoice and says that she wants to discuss it with [Firm 3]. That’s the status.”
- On February 21, 2018 former Finance Director replied that the “Mayor approves [Firm 3] invoices before payment”.
- On May 9, 2018 the Finance Department staff sought approval from the former Finance Director for a Firm 3 invoice, and the former Financial Director twice stated that the former Mayoral officeholder’s signature was needed.



Wed 5/9/2018 10:11 AM

g: [redacted]
Cc: [redacted]

Okay, will do.

Thank you,

Senior Financial Analyst,
Finance Department
City of Pontiac,
47450 Woodward Ave, Pontiac, MI 48342.
PH. 248-758-3121 F. 248-758-3197

From: [redacted]
Sent: Wednesday, May 9, 2018 1:11 PM
To: [redacted]
Cc: [redacted]
Subject: [redacted]

Make sure to get Mayor's signature


Sent from my Sprint Samsung Galaxy S8.

----- Original message -----
From: [redacted]
Date: 5/9/18 3:09 PM (GMT+01:00)
To: N [redacted]
Cc: F [redacted]
Subject: RE: [redacted]

That is what [redacted] is waiting on.

Sincerely,

Jane V. [redacted]
Accounts Payable / Receivables Manager



City of Pontiac
47450 Woodward
Pontiac, MI 48342
PH. 248-758-3121
Fax 248-758-3197
www.pontiac.mi.us

From: [redacted]
Sent: Wednesday, May 9, 2018 9:01 AM
To: [redacted]
Subject: [redacted]

If the Mayor has signed them, yes.

Sent from my Sprint Samsung Galaxy S8.

----- Original message -----
From: [redacted]
Date: 5/9/18 2:52 PM (GMT+01:00)
To: [redacted]
Subject: [redacted]

Good morning [redacted]

We are trying to get the [redacted] invoices paid, I hope you app

Sincerely,
[redacted] nt
Accounts Payable / Receivables Manager

Wed 2/21/2018 8:06 AM

RE: Payables- Outstanding Invoices

To: [redacted]

Hi [redacted]

Hope everything is going well with you ☺ . I know that there is an invoice or two that has not been paid, I will check with AP where they are with that, but I remember AP mentioning something that the Mayor was holding on to one them before her approval (Mayor approves [redacted] invoices before payment). Will let you know.

[redacted]

Finance Director
City of Pontiac
website: www.pontiac.mi.us

From: [redacted]
Sent: Tuesday, February 20, 2018 2:53 PM
To: I [redacted] >
Subject: Payables- Outstanding Invoices

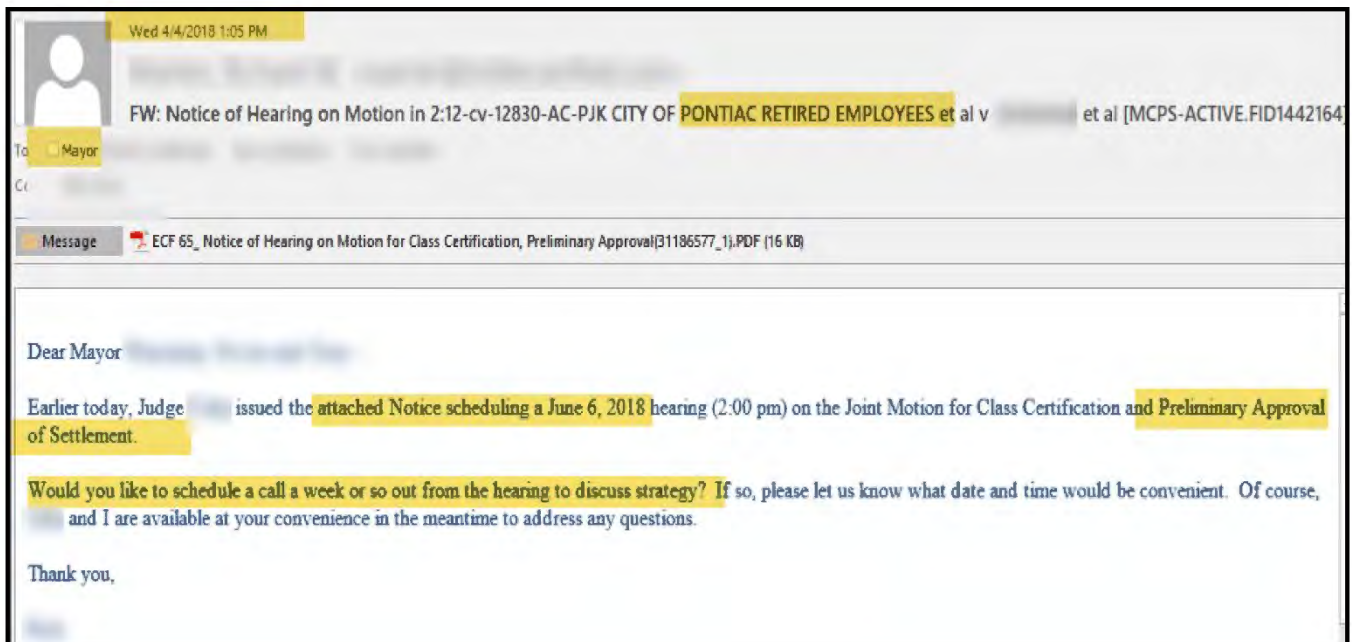
Hi [redacted]

How are you? Long time no chat! I hope all is well! I miss ya!

I am just reaching out in regarding to Pontiacs invoices that have not been paid. Could you please give me an eta as when we can receive payment? Thanks



While advisory services were occurring, the City was notified about the preliminary approval of a settlement pertaining to the retiree pension litigation. On April 4, 2018 the former Mayoral officeholder, former Finance Director, and the owner (Vendor #10004000) received the hearing notice. This appeared to cause a quasi-reengagement again between the City and Firm 3 pertaining to litigation services. It was a quasi-reengagement because the City had previously paid owner (Vendor #10004000) directly for litigation services and had only engaged Firm 3 (Vendor #10004155) for advisory services. It appeared the City did not have a contract for the reengagement.



After receipt of the hearing, and almost a year into the advisory services, the former Finance Director contacted the owner of Firm 3 and asked for “itemization” of past invoices paid. In the email dated April 6, 2018, a representative from Firm 3 responded with minimally updated invoices which still lacked specific details, but had indicated a percentage of activity performed for that monthly fee. The activities align with the scope of work services in the unsigned and unauthorized April 11, 2017 agreement for advisory services. An example of one past invoice dated February 10, 2018 demonstrated the minimal itemization received from Firm 3.



INVOICE

City of Pontiac
Attention: [Redacted], Director of Finance
46450 Woodward Avenue
PONTIAC MICHIGAN 48342
UNITED STATES

Invoice Date
Feb 10, 2018

Invoice N
INV-0064

Referenc
February ..

Description	Quantity	Unit Price	Amount USD
Pontiac - Advisory Services	1.00	13,800.00	13,800.00
		Subtotal	13,800.00
		TOTAL USD	13,800.00

INVOICE

City of Pontiac
Attention: [Redacted], Director of Finance
46450 Woodward Avenue
PONTIAC MICHIGAN 48342
UNITED STATES

Invoice Date
Feb 10, 2018

Invoice Number
INV-0064

Reference
February 2018

Detroit, Michigan 48226

Description	Quantity	Unit Price	Amount USD
Pontiac - Advisory Services	1.00	13,800.00	13,800.00
Temporary Staffing/ Implementation 100%			
		Subtotal	13,800.00
		TOTAL USD	13,800.00
		Less Amount Paid	13,800.00
		AMOUNT DUE	0.00

Fr 4/6/2018 2:21 PM

FW: Copies of Invoices for Pontiac - Revised

To: [Redacted]
Cc: [Redacted]

Message City of Pontiac Revised Invoices.pdf

From: [Redacted]
Sent: Friday, April 06, 2018 3:32 PM
To: [Redacted]
Cc: Mayor [Redacted]
Subject: Re: Copies of Invoices for Pontiac - Revised

Hi [Redacted]

Please see attached. Please let me know if you need anything else from us. Thanks so much and have a wonderful weekend!

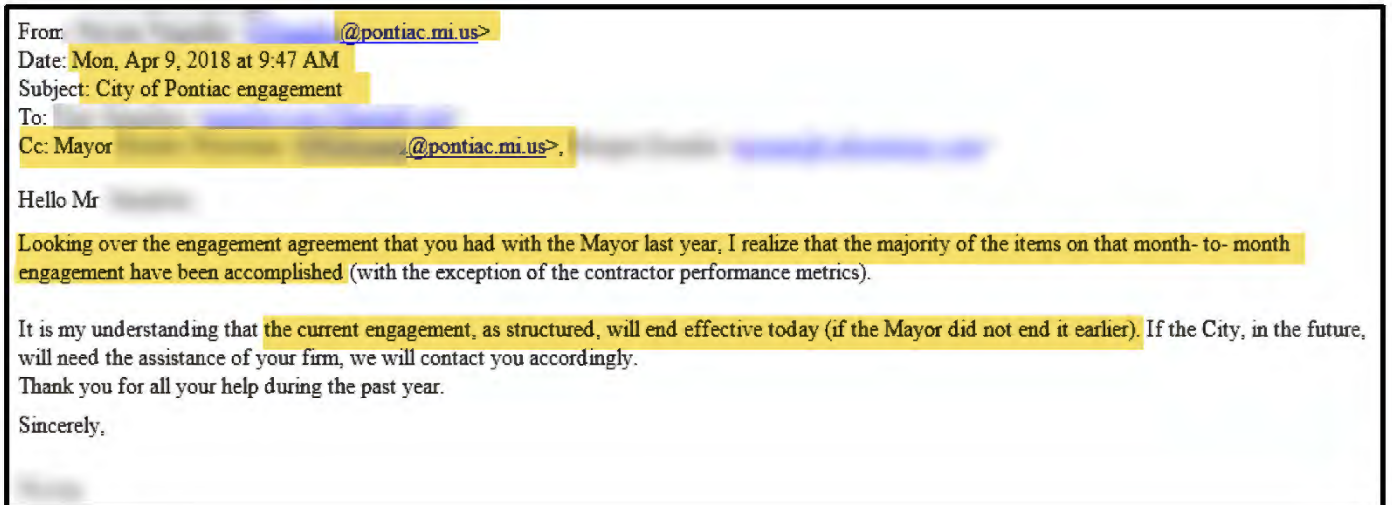
On Fri, Apr 6, 2018 at 12:11 PM, [Redacted] > wrote:
Hi [Redacted]
[Redacted] is working on those right now. She will contact you with any questions.

On Fri, Apr 6, 2018 at 11:50 AM, [Redacted] > wrote:
Hello [Redacted]
Did your staff send us the itemization that we discussed the other day?

Finance Director
City of Pontiac



Then on April 9, 2018 there was an email from the former Finance Director to Firm 3 that said the majority of items in their month-to-month engagement agreement have been accomplished, and that “the current engagement, as structured, will end effectively today (if the Mayor did not end it earlier)”.



One day after the abrupt end to advisory services, the former Finance Director emailed the City Attorney on April 10, 2018 with an attachment of the detailed chart of invoices paid. As stated in the email, the attachment also included the “minutes from RTAB that approved [owner - Vendor #10004000] services back in 2016.” However the attachment *did not include* TAB meeting minutes but rather the agenda for the February 2016 TAB meeting. The email also did not include the transcript from the TAB meeting where a cap of \$15,000 was approved specifically for the OPEB retiree pension litigation services. The TAB was not engaged for advisory services of \$13,800 a month for the owner (Vendor #10004000) or for Firm 3 (Vendor #10004155). All payments for advisory services were demonstrated to be improper, as it appeared the former Mayoral officeholder had not been transparent with critical City leadership and elected officials about the engagement and there was not an authorized contract located.



Tue 4/10/2018 11:20 AM

breakdown

To :
Cc : n)

Message invoice breakdown.pdf

To aid your response, attached is the breakdown of [redacted] invoices as well as the minutes from RTAB that approved his services back in 2016.

Finance Director
City of Pontiac

Date	Invoice Number	Advisory Services	Actuarial Services	DPW	Code Enforcement	Planning	Invoice Amount	
July	1020	13,800.00					13,800.00	Didn't receive an itemized invoice
August	1028	13,800.00					13,800.00	Didn't receive an itemized invoice
September	1038	959.10	2,110.66	10,350.00	2,070.00	1,380.00	16,869.76	
October	0012			10,350.00	3,450.00		13,800.00	
November	0025	13,800.00					13,800.00	Didn't receive an itemized invoice
December	0035			11,730.00	2,070.00		13,800.00	
January	0055			10,350.00	2,070.00	1,380.00	13,800.00	
February	0054			11,730.00	1,380.00	690.00	13,800.00	
March	1087			12,420.00	1,380.00		13,800.00	Not in GL or AP as of 4/9/18
		42,359.10	2,110.66	66,930.00	12,420.00	3,450.00	127,269.76	

It was during April 2018 when the City Council seemed to discover and learn about the owner of Firm 3 doing business with the City. This was also the period for which advisory services had abruptly ended, and invoices were retroactively requested for itemization from Firm 3. There were two Attorney Client Privileged (ACP) Memorandums to the City Council from the City Attorney regarding the owner and the Firm 3:

The first ACP memo was sent on April 17, 2018 “regarding the legality of a contract between the City and” the owner of Firm 3. The memo referenced that TAB approved a professional services agreement on February 17, 2016. The City Attorney indicated “it is our understanding that the City’s Director of Finance terminated the services provided thereunder on April 9, 2018.”

ATTORNEY-CLIENT PRIVILEGED MEMORANDUM

TO: Pontiac City Council

CC: Mayor [redacted]

FROM: [redacted]

DATE: April 17, 2018

RE: City of Pontiac Professional Services Agreement with [redacted]

Pontiac City Council has requested an opinion regarding the legality of a contract between the City and [redacted]

Mr. [redacted] entered into a Professional Services Agreement with the City that was approved by the City of Pontiac Receivership Transition Advisory Board (“RTAB”) on February 17, 2016, pursuant to their powers under Michigan Public Act 436 of 2012. See Attachment, February 17, 2016 Agenda of RTAB. It is our understanding that the City’s Director of Finance terminated the services provided thereunder on April 9, 2018.

Should you have any further questions or concerns on this matter, do not hesitate to contact me.



The second ACP memo was sent on April 30, 2018 “regarding a contract between the City and [owner – Vendor #10004000] and his company, [Firm 3 – Vendor #10004155]”. The memo indicated that TAB had approved a professional services agreement on February 17, 2016. But it appeared the City Attorney was unclear of all of the contractual details because they were “still attempting to locate a copy of the contract at the request of the Council President.”

ATTORNEY-CLIENT PRIVILEGED MEMORANDUM

TO: Pontiac City Council

CC: Mayor

FROM:

DATE: April 30, 2018

RE: City of Pontiac Professional Services Agreement with _____ s and _____

Pontiac City Council has requested an opinion regarding a contract between the City and _____ and his company, _____.

Mr. _____ entered into a Professional Services Agreement with the City that was approved by the City of Pontiac Receivership Transition Advisory Board (“RTAB”) on February 17, 2016, pursuant to their powers under Michigan Public Act 436 of 2012. (I am still attempting to locate a copy of the contract at the request of the Council President.)



Example 4.

Following the end of the TAB receivership period, the City opened a recreational facility to offer community programs in fiscal years 2019 to 2022. The City had leased a building from Firm 4A and engaged with a non-profit Firm 4B for management of the programs.

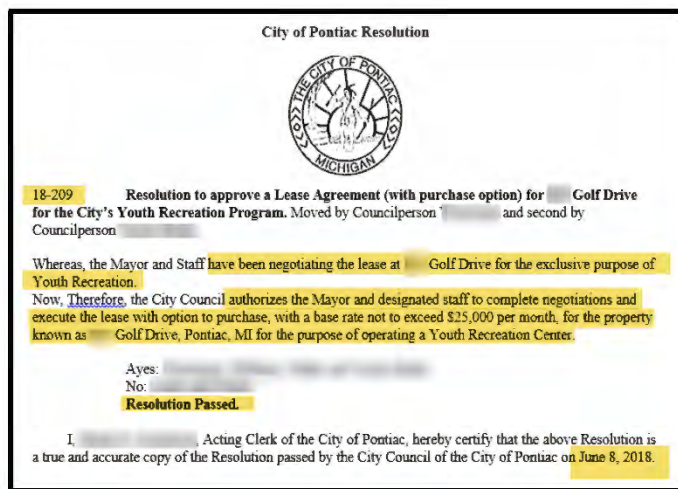
The City Council initially agreed to lease the building from Firm 4A and approved costs for a contract to be executed; although the contract that was executed was for more than the approved based monthly rent. The City also failed to vacate the building by the end of the lease and defaulted on the contract, which exposed the City to significant financial risk.

The former Mayoral officeholder gave information about Firm 4B programming services to the City Council by a “Communication from the Mayor.” The former City Council appeared not to have authorized a Memorandum of Understanding (MOU) with Firm 4B, and the payments were in excess of the former Mayoral officeholder’s discretionary spending limit.

The facility and programming support services were paid using the Millage Fund (208). The programming support services ended in about August 2021 and the building eventually was vacated in early 2022.

Executed contract in excess of specified amount approved by City Council

There was an Executive Office memo stamped in the City’s official record on June 8, 2018, which recommended a resolution for a \$25,000 monthly lease. The former City Council passed the resolution for the exact amount the Executive Office requested for “a base rate not to exceed \$25,000 per month” on June 8, 2018. The City Council packet with draft Lease Agreement also reflected base rent of \$25,000 per month.





CITY OF PONTIAC
OFFICIAL MEMORANDUM

Executive Branch

TO: Council President and City Council Members

FROM: Mayor

DATE: October 18, 2016

Cc:

RE: Request to Amend City Council Agenda dated June 8, 2018 to include a Resolution to Approve Lease Agreement (with Purchase Option) for Golf Drive for the City's Youth Recreation Program.

As you aware, the City has been negotiating with the owners of Golf Drive to use as a Youth Recreation Center. Negotiations has resulted in a lease at an amount of \$25,000 monthly. In the interest of time, we request this honorable Council to provide the Mayor with authority to complete negotiations and execute the lease on behalf of the City of Pontiac.

The following resolution is recommended:

Whereas, the Mayor and Staff have been negotiating the lease at Golf Drive for the exclusive purpose of Youth Recreation.

NOW THEREFORE, the City Council authorizes the Mayor and designated staff to complete negotiations and execute the lease with option to purchase, with a base rate not to exceed \$25,000 per month, for the property known as Golf Drive, Pontiac, MI for the purpose of operating a Youth Recreation Center.

JBD

RECEIVED
2018 JUN -8 PM 3:45
PONTIAC CITY CLERK

Resolution 18-209 had explicit language that the lease base monthly rate not to exceed \$25,000 and “authorizes the Mayor and designated staff to complete negotiations and execute the lease.” It appeared the Executive Office had discretionary authority to complete contract negotiations limited to the other contract terms, but not the monthly lease amount. Ultimately the Lease Agreement (with Purchase Option) was executed July 1, 2018 by the former Mayoral Officeholder with a monthly lease amount of \$26,000, an amount which was \$1,000 more per month above what City Council had expressly approved in the resolution. This resulted in a financial impact of \$36,000 to the City due during the three year lease.



LEASE AGREEMENT
(WITH PURCHASE OPTION)

This Lease (hereinafter called the "Lease") is entered into as of the 1st day of July 2018, by and between _____ located at _____ Golf Drive, Pontiac, MI (herein called "Lessor") and the City of Pontiac located at 47450 Woodward Ave., Pontiac, MI (herein called "Lessee");

WITNESSETH: Lessor and Lessee agree as follows:

USE

The leased Premises are to be used and occupied for the purpose of operating a Educational Youth Center.

1. Lessee's Obligations

The Lessee hereby hires the leased Premises for the term aforesaid, and covenants:

a. Rent

(1) **Base Rent.** Commencing on the Commencement Date and continuing thereafter on or before the first day of each and every successive calendar month during the Term, Lessee shall pay to Lessor, in advance on the first day of each month, without further notice or demand and without offset, rebate, credit or deduction for any reason whatsoever, the monthly installments of rent as follows ("Base Rent"): \$25,000. Total of annual base rent is \$300,000.00.

Base Rent and all other Rent due hereunder shall be paid to Lessor, without deduction or offset, in lawful money of the United States of America. Lessee shall pay the first full month of Base Rent to Lessor upon the mutual execution of this Lease.

(2) **Additional Rent.** In addition to Base Rent, Lessee covenants and agrees to pay as "Additional Rent," and without deduction or offset, all other sums payable under this Lease, including, without limitation, Tax/Insurance Reimbursements. Base Rent and Additional Rent are sometimes referred to collectively herein as "Rent." Unless otherwise provided herein, items of Additional Rent shall become due and payable within five (5) days following written demand from Lessor.

Version in City Council Packet 6/8/2018

LEASE AGREEMENT
(WITH PURCHASE OPTION)

This Lease (hereinafter called the "Lease" or the "Agreement") is entered into as of the 1st day of July 2018, by and between _____ located at _____ Golf Drive, Pontiac, MI (herein called "Lessor") and the City of Pontiac located at 47450 Woodward Ave., Pontiac, MI (herein called "Lessee");

WITNESSETH: Lessor and Lessee agree as follows:

1. Lessee's Obligations

The Lessee hereby hires the leased Premises for the Term, and covenants:

a. Rent

(1) **Base Rent.** Commencing on the Commencement Date and continuing thereafter on or before the first day of each and every successive calendar month during the Term, Lessee shall pay to Lessor, in advance on the first day of each month, without further notice or demand and without offset, rebate, credit or deduction for any reason whatsoever, the monthly installments of rent as follows ("Base Rent"): \$26,000. Total of annual base rent is \$312,000.00.

Base Rent and all other Rent due hereunder shall be paid to Lessor, without deduction or offset, in lawful money of the United States of America. Lessee shall pay the first full month of Base Rent to Lessor upon the mutual execution of this Lease.

(2) **Additional Rent.** In addition to Base Rent, Lessee covenants and agrees to pay as "Additional Rent," and without deduction or offset, all other sums payable under this Lease which, for the avoidance of doubt, are: (i) the Maintenance Obligations, (ii) the Reimbursable Expenses (as defined below), (iii) any late fees or interest charges, and (iv) any alterations to the Premises, as permitted hereunder. Base Rent and Additional Rent are sometimes referred to collectively herein as "Rent." Unless otherwise provided herein, items of Additional Rent shall become due and payable within five (5) days following written demand from Lessor.

In witness whereof, the parties hereto have executed this Lease the day and year first written above.

IN THE PRESENCE OF:

LESSOR:

IN THE PRESENCE OF:

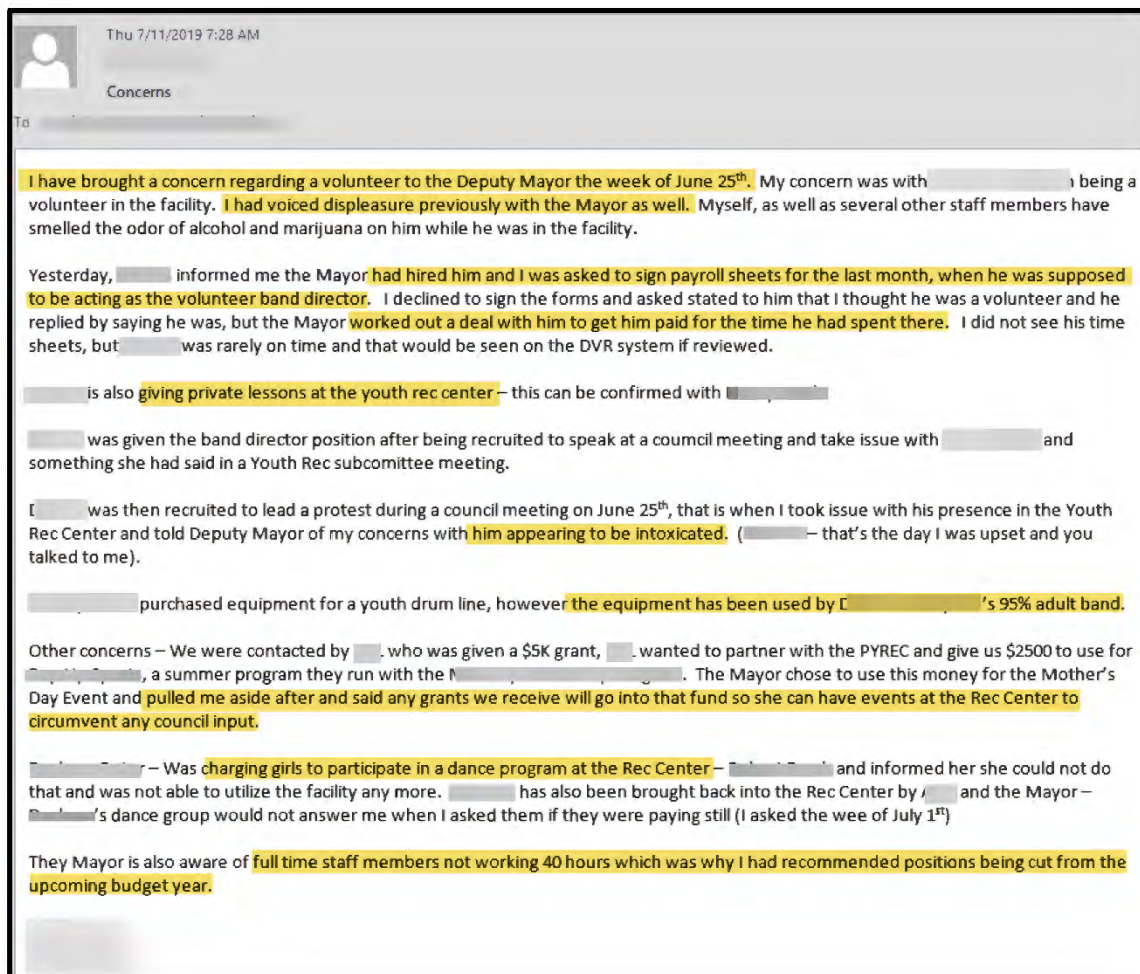
LESSEE:

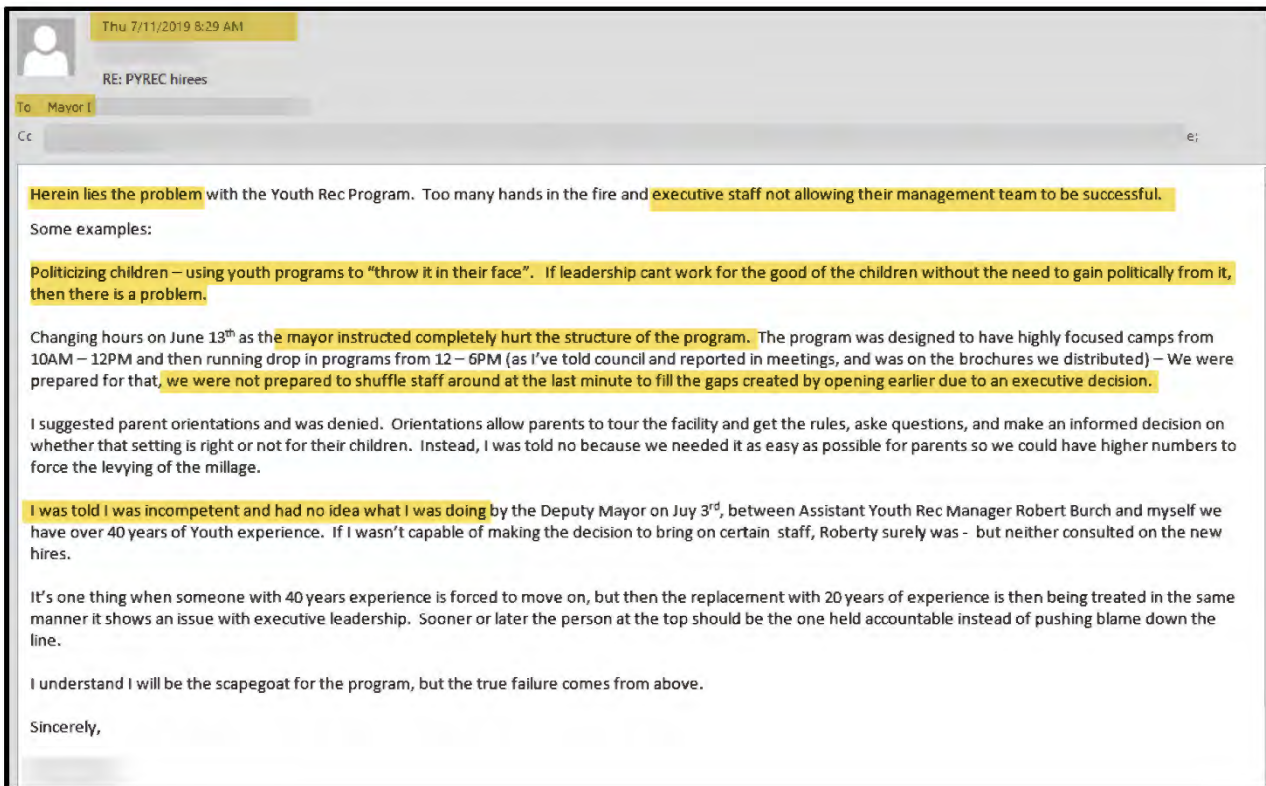
David Maternus
City of Pontiac
Mayor



Retroactive contract for programming services

On July 11, 2019, the former Youth Recreational Manager expressed frustration in an email to the Executive Office, City Councilors, and other City leadership. The Manager complained of problems and ultimately resigned in a second July 11, 2019 email. The resignation led to the former Mayoral officeholder to outsource programming services using the budgeted salary equal to the Youth Recreation Manager role.





In May 2020 the City announced a partnership with Firm 4B for recreational programming services, and an agreement with Firm 4B was being drafted. A “launch announcement” flyer was in a “Communication from the Mayor” in the City Council meeting on June 2, 2020, but there was not a resolution to outsource programming service costs equal to the Youth Recreation Manager salary. The budget for the Youth Recreation Manager 1 was \$57,200; however, instead of hiring a City employee, these funds were paid to Firm 4B.

Employee Listing with Salaries and Fringe Benefits - Mayor Proposed 2020-2021						
City and Court Employees (alphabetical order)						
Position	Salaries	Overtime	FICA	Fringes and Benefits	Eligible or Receiving Pension/OPEB benefits	
Youth Recreation Manager 1	57,200		4,422	27,355		

Position	Name	FY 2022 Budgeted Salary
Youth Recreation		
Youth Recreation Manager		57,200.00



PONTIAC CITY COUNCIL



It is this Council's mission "To serve the citizens of Pontiac by committing to help provide an enhanced quality of life for its residents, fostering the vision of a family-friendly community that is a great place to live, work and play."

Website: http://pontiac.mi.us/council/meeting_agendas_and_minutes/index.php

STUDY SESSION

June 2, 2020

6:00 P.M.


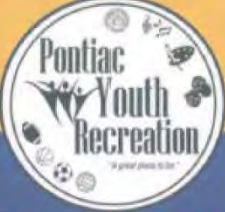
162nd Session of the 10th Council

Communication from the Mayor

17. Update on Pontiac Youth Recreation and Enrichment Center (PYREC) Virtual Programming.

#17
COMMUNICATION
FROM THE
MAYOR

LAUNCH ANNOUNCEMENT!

Pontiac Youth Recreation & Enrichment Center is pleased to announce a new partnership with

PYREC registrants are invited to join [redacted] **'s Virtual Club Experience (VCX) via Zoom Video Conferencing!**

VCX offers Pontiac Youth fun and engaging programs through meaningful activities, without leaving their homes, every Monday - Friday, 3pm-5pm.

From live DJ's to special guest instructors, VCX is fast-paced, entertaining, and full of learning opportunities for youth of all ages!

REGISTRATION INFO:

VCX is free for all Pontiac Youth Recreation registered participants!

Not registered?
Contact Youth Recreation at (248) 758-3400 or email youthcenter@pontiac.mi.us.

To participate, you can join Zoom Video Conferencing via computer or cell phone.

<https://zoom.us/>
Meeting ID: 419 790 900
Password: 090745

VCX launches Monday, May 18th!



It appeared the former Mayoral officeholder did not immediately execute the MOU, even though Firm 4B began performing programming services around June 2020. The MOU appeared to be retroactively executed after services had already been started:

- May 2020 “Launch Announcement” flyer with services by Firm 4B
- June 2, 2020 “Communication from the Mayor” in City Council agenda packet contained Launch Announcement; no request for purchasing or contracting (MOU) with Firm 4B
- June 3, 2020 MOU was signed by Firm 4B, the signature for the former Mayoral officeholder *was not dated*
- August 12, 2020 an email contained an “updated” version of the MOU that was shared with the Mayoral officeholder for “final approval”
- Fall/Winter 2020 brochure showed Firm 4B as a partner with the City
- December 18, 2020 invoice showed four months of backdated billing for services rendered from September until December 2020
- January 15, 2021 former Mayoral officeholder executes MOU; corresponding “Contract Distribution Sheet” showed this was the date the MOU was duly executed, but the “Approved by Council” field was *blank*
- January 15, 2021 payment check issued for December invoice
- January 15, 2021 to April 9, 2021 invoices showed Firm 4B wages and expenses were paid in arrears



Contract Distribution Sheet



Contract Name:	Pontiac - MOU	
Brief Overview:	Program services from the	
Approved by Council:		
Signed by:	Signature:	Date:
Deirdre Waterman - Mayor	<i>[Signature]</i>	11/15/21

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is to set forth the terms of agreement between the [redacted] and the City of Pontiac, a Michigan Municipal Corporation located at 47450 Woodward Avenue, Pontiac, Michigan, 48342, ("CITY"); collectively the "Parties", to collaborate and provide various youth enrichment opportunities at the Pontiac Youth Recreation and Enrichment Center ("PYREC") and online.

- Nature and Scope of Services.** In the course of performing services under this MOU, the Parties agree:
 - [redacted] will provide programming including initiatives in the areas of STEM, sports, music art, dance and academics to City of Pontiac residents ages 4-21;
 - [redacted] will provide online programming during the COVID-19 Pandemic;
 - The CITY will manage and maintain the PYREC, including staff to assist in aforementioned [redacted] programming;
 - The CITY agrees to provide appropriate space at PYREC to carry out the aforementioned [redacted] programming, which shall be free of charge and for non-retail activities only;
 - [redacted] will provide evaluations not less than quarterly that set forth measurements of outcomes and objectives of programming as established in this MOU; and
 - [redacted] will maintain the required insurance at reasonable levels deemed acceptable by the CITY and list the CITY as an Additional Insured.
- Budget Fiduciary Responsibility and Fee.** The City Council of the CITY annually approves an operating budget for the PYREC. As an operating partner, [redacted] shall have fiduciary responsibility for oversight of that budget, and provide monthly reporting in a manner deemed appropriate by the CITY. [redacted] understands that it will make requests for expenditures to the CITY consistent with the operation of the PYREC, but that all operating, personnel, and capital funds will be maintained and expended by the CITY. The CITY will pay a fee to [redacted] each CITY fiscal year, in twelve (12) equal monthly payments, that is equivalent to the budget line item that fiscal year for the wage of the PYREC manager.
- Term.** This MOU is effective on the latter date as signed below, and will expire two (2) years from that date. Alternatively, either party may terminate this MOU with ninety (90) days advanced written notice to the other party at the address set forth herein.

CITY OF PONTIAC

[Signature]
MAYOR

DATE:

DATE: June 3, 2021

INVOICE

December 18, 2020

Invoice #: 1

Bill to: Accounts Payable and
City of Pontiac
47450 Woodward Avenue
Pontiac, MI 48342
Sent via email: AccountsPayable@pontiac.mi.us

Quantity	Description	Unit Price	Total
1	Wage reimbursement for the period September 2020 through December 2020 (\$4,750/month x 4 months)	\$19,000.00	\$19,000.00
		Balance Due:	\$19,000.00

Thank you for your support of **Great Futures for Kids!**
Please make checks payable to [redacted]



Check Date	Check #	Check Amount	Invoice Number	Invoiced Amount	Invoice Comments
1/15/2021	529298	\$ 19,000.00	#1	\$ 19,000.00	Wage Reimbursement Sept 2020 to Dec 2020
2/19/2021	529545	\$ 15,168.46	#2	\$ 4,750.00	Wage Reimbursement Jan 2021 for \$4,750
				\$ 10,418.46	Expenses \$10,418.46
4/9/2021	529977	\$ 9,500.00	#3 and #4	\$ 9,500.00	Wage Reimbursement Feb 2021 and March 2021
5/7/2021	530152	\$ 4,750.00	#5	\$ 4,750.00	Wage Reimbursement April 2021
6/4/2021	530325	\$ 4,750.00	#6	\$ 4,750.00	Wage Reimbursement May 2021
6/18/2021	530432	\$ 4,750.00	#7	\$ 4,750.00	Wage Reimbursement June 2021
7/30/2021	530795	\$ 4,750.00	#8	\$ 4,750.00	Wage Reimbursement July 2021
8/31/2021	531041	\$ 4,750.00	#9	\$ 4,750.00	Wage Reimbursement August 2021

Wed 11/11/2020 9:57 AM

Pontiac Youth Recreation Fall Programming

Message BROCHURE-pyrec ver4.pdf (745 KB)

Good Afternoon Community Partners!

I just wanted to pass along Pontiac Youth Recreation's Fall 2020 programs brochure. Please pass along to your youth and families so they can take advantage of the programs we are offering.

PYREC is a licensed child care facility and COVID-19 safety procedures and protocols are strictly enforced.

Kind Regards,

Youth Recreation Manager

PROGRAMS

Performing Arts
This program is the perfect place for creative Youth interested in the performing arts industry can select between several tracks that will provide hands on exposure and opportunities for them to unleash their spark and to learn more about their craft from industry leaders. Content includes: Movie making, video production, acting, dance and music.

College, Career Readiness & Entrepreneurship Exploration
This camp introduces middle and high school students to the skills, knowledge, behaviors and exposure to begin the preparation process of identifying the necessary habits and actions to enter college (2 year or traditional settings), gain knowledge of potential career opportunities that match their passions and to identify entrepreneurial options.

Sports Leagues & Recreational Programs
PYREC Sports camp is for youth of all ability levels. Youth will learn and compete in team sports, including basketball, baseball, football and soccer. Youth will also take part in a variety of traditional kid games.

PARTNERS

FALL/WINTER 2020 PROGRAM GUIDE

PYREC
Golf Dr.
Pontiac, MI 48341



Defaulting on leasing agreement, incurring of unnecessary expenses, misuse of property


The City Council, at their discretion, did not pass several resolutions to either purchase or continue to lease the recreational building, which indicated that the Executive Office needed to search for a new location to continue the programming. The timeline of resolutions that did *not pass* was as follows:

- Resolution 21-108 to purchase the building did not pass on April 20, 2021
- Resolution 21-157 to extend the rental agreement for a year (July 1, 2021 to June 30, 2022) did not pass on May 25, 2021
- Resolution 21-204 for a three-month extension of rental contract at a monthly cost of \$39,000 did not pass on July 6, 2021

A week after the former City Council declined to purchase the building, the City Council agenda packet for April 27th, 2021 included presentation materials and a recreation center Feasibility Study. The Study reflected the lease to the facility will be expiring in 2021 and that the City was in negotiations to “extend its current lease agreement”. Three other site locations were evaluated in the Study, but were determined to be “humanly impossible” for those other locations to “be available and ready to assume operations for PYREC program and activities” and were “untenable as options”.

PYREC

- Currently used as a Youth Rec
- **Site passed state and county inspections fall 2020**
- Although city currently leases it has maintained the facility and is aware of the building systems and operations
- With lease extension or purchase, PYREC activities and programs will not be interrupted.



Summary and Conclusion

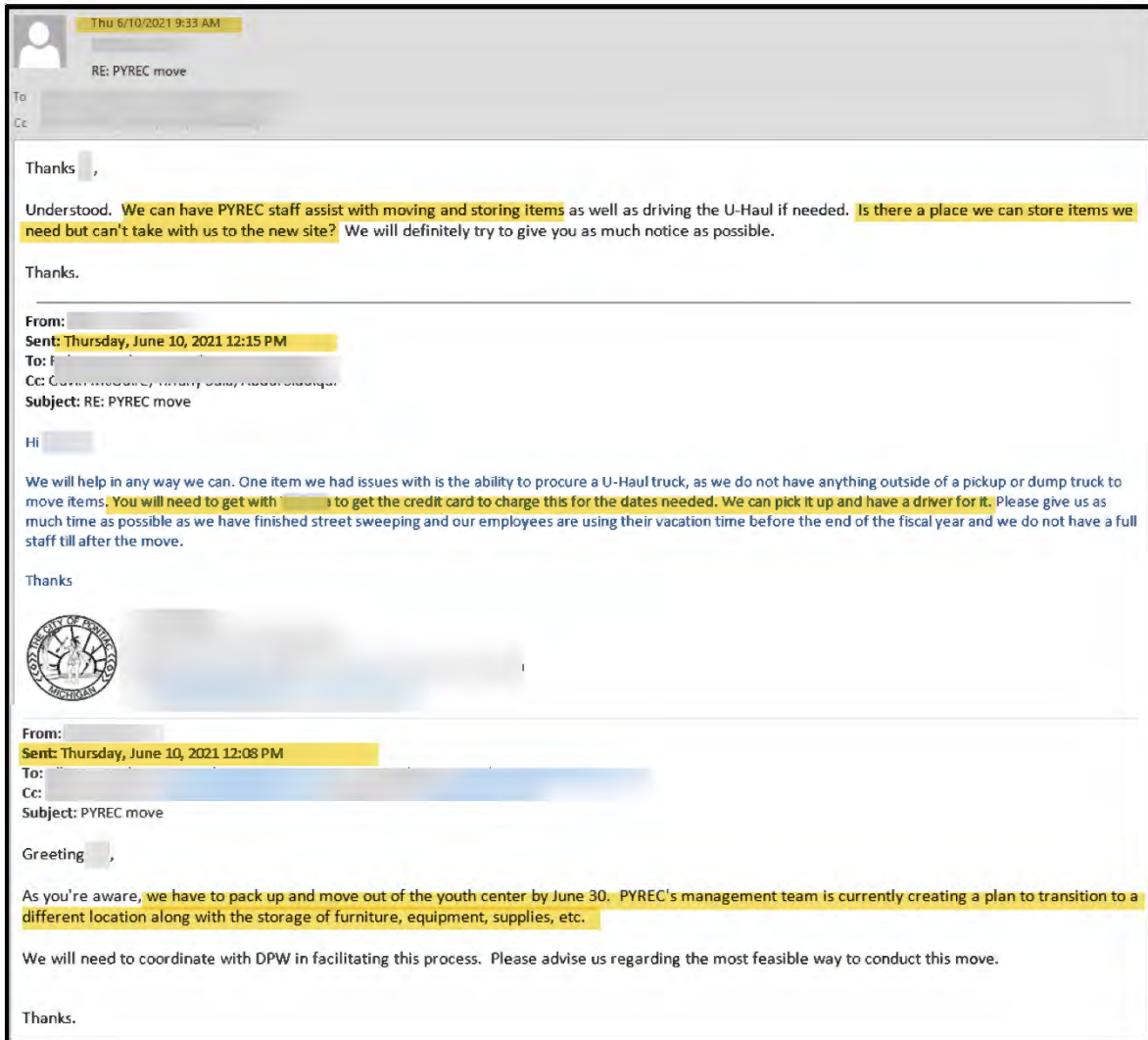
- It is **humanly impossible** that Ewalt, Perdue or Crystal Lake will be available and ready to assume operations for PYREC program and activities if the city **fails to purchase or extend its current lease agreement**
- The clear and present financial obligations that would be required to restore/open either Ewalt or Perdue from their current conditions make them **untenable as options** for the city to consider.
- Both Perdue and Ewalt have unknown environmental hazards and liabilities which exacerbate any restoration costs if restoration is possible.
- Demolition of both Ewalt and Perdue in their current state and the erecting of a new facilities on their sites may be better options for the city to pursue in the future. However, that does not address the immediate needs of PYREC for this fall and beyond
- It was determined during the **2016 Ewalt Center site assessment that over \$2m** in work was needed. The city upon receipt of these quotes failed to address any of the work proposed.
- It is reasonably understood that the price/cost for the proposed work has significantly increased and the subsequent conditions worsened since 2016.
- **Perdue school was estimated in November 2020 to require \$10m in repairs by Lee Contracting.**

PYREC 2021 Operational Recommendation

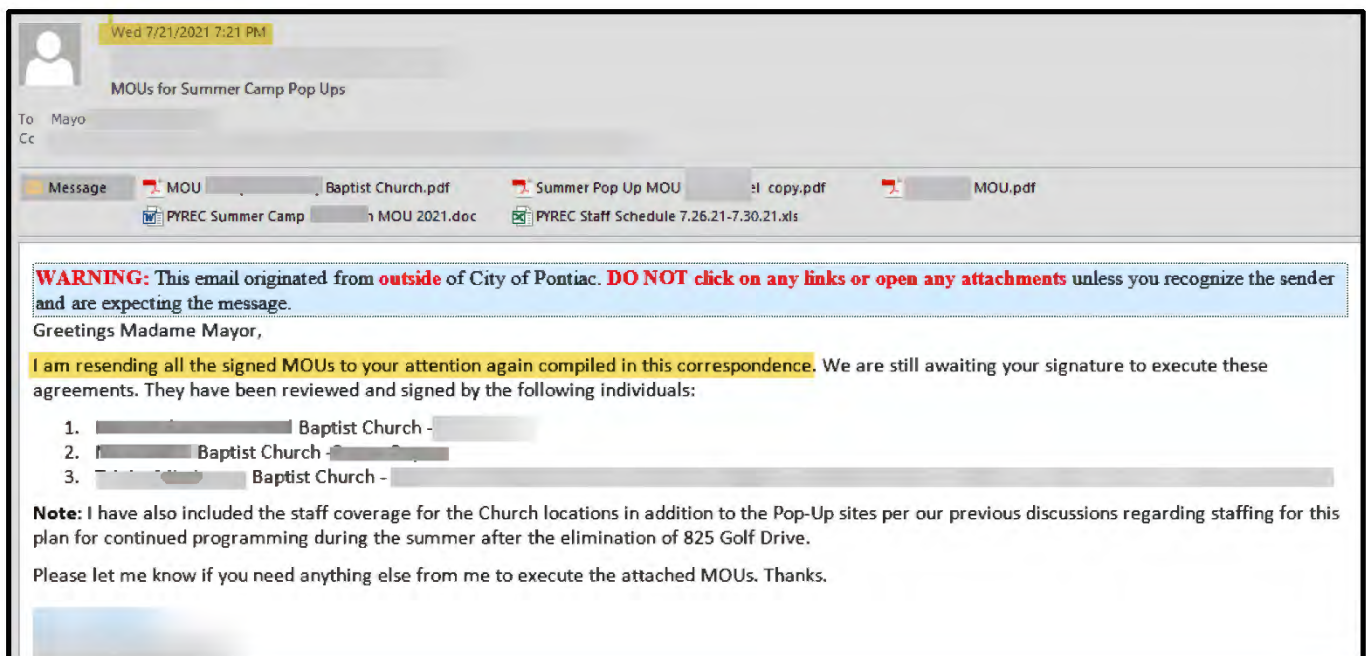
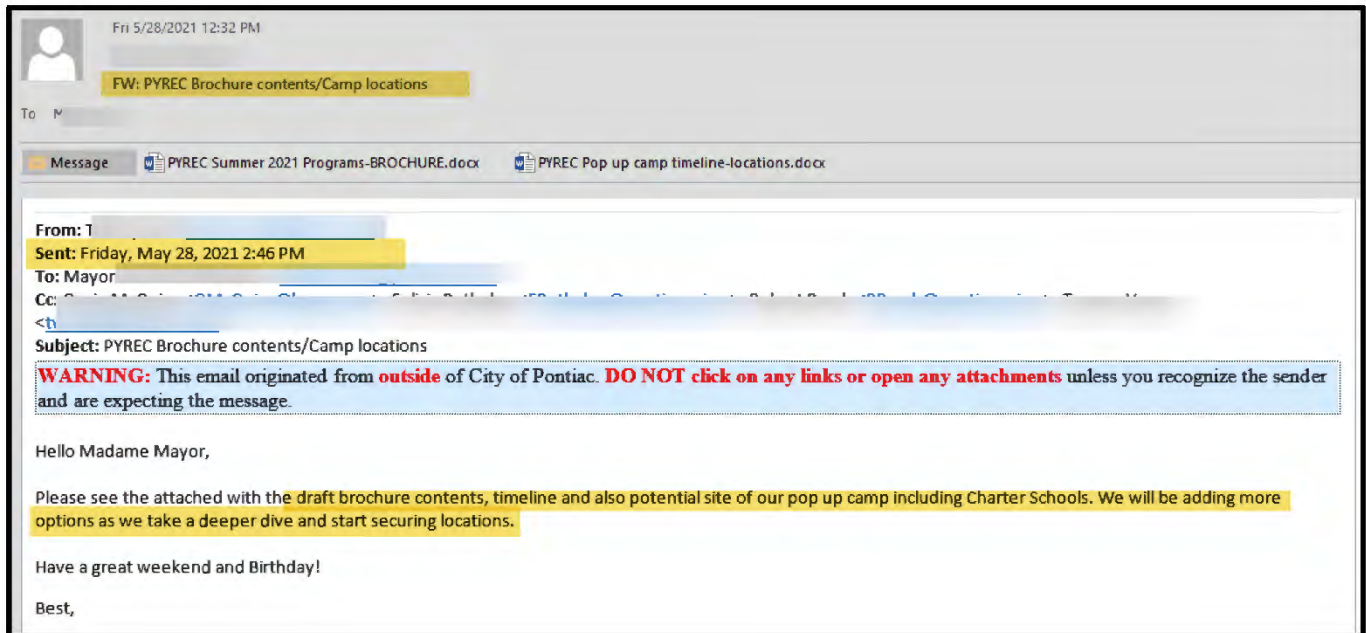
In consideration of a June PYREC decision point, the **_____** PYREC team recommends that the youth program services remain at the PYREC facility. This recommendation considered the continuity of youth services, health and wellbeing of families, community stakeholder and constituent interests and priorities, and fiscal responsibility/stewardship. Key considerations included:



When the City Council voted to not approve a lease renewal in May 2021, the former Mayoral officeholder had just over one month to prepare a plan to vacate the building before the lease end date of June 30, 2021. As early as June 10, 2021, the Youth Recreation management and Public Works management created a transition plan to move out of the facility and for storage of the recreational property.




As early as May 28, 2021, Firm 4B was coordinating pop-up locations for the continuation of the programming not at the building where the lease was ending. Firm 4B had secured these pop-up locations before July 21, 2021 and published these locations in the “PYREC Summer 2021 Programs”. It appeared that the pop-up locations were reasonable alternatives to continue recreational programming while elected officials came to an agreement with a new building.



Tue 7/27/2021 8:35 PM
 Mayor
 RE: PYREC Building Usage Request/MOU

To
 Cc

As I discussed with you this morning, due to the timing and need to move forward in order to be able to start next week, just use the dates we have. You can add an addendum later after you have received concurrence from the pastors. Since the MOUs were written to start this week, just recirculate with the new start date so you won't have to delay start time again. Also, there will be different times for the extension to September dates so that will have to be worked out for the addendums.
 P.S. Per my email earlier today I have sent regrets on behalf of all youth rec staff for the Subcomm council advisor sent invite for. None of us should attend per my response to her.



From
 Sent: Tuesday, July 27, 2021 9:25 PM
 To: Mayor
 Cc:
 Subject: PYREC Building Usage Request/MOU

WARNING: This email originated from outside of City of Pontiac. DO NOT click on any links or open any attachments unless you recognize the sender and are expecting the message.

Greetings Madame Mayor,

I have completed the updates to the MOUs for [redacted] Baptist Church and [redacted] Baptist Church as we discussed this morning on our call. I reached out to Bishop [redacted] and Pastor [redacted] to review and provide an update to our plan via phone before forwarding the document to them, but I haven't reached them yet. I will reach out again to them early in the AM to update them on our plan, assess their interest and I will forward the document to them with you copied. Have a blessed day.

Thu 7/22/2021 8:56 AM
 Fw: After School MOU Drafts for Recommended Sites 2021-2022

To

Message PYREC After School MOU 2021.doc (42 KB) PYREC After School 1 MOU 2021.doc (42 KB) PYREC After School MOU 2021.doc (42 KB)

WARNING: This email originated from outside of City of Pontiac. DO NOT click on any links or open any attachments unless you recognize the sender and are expecting the message.

Draft MOUs for After School.


From:
 Sent: Wednesday, July 21, 2021 11:01 PM
 To:
 Cc:
 Subject: After School MOU Drafts for Recommended Sites 2021-2022

Greetings Madame Mayor & [redacted],

With the school year less than 60 days away, I want to be certain that we discuss options for the Fall for the youth in Pontiac. As I outlined in my strategy deck that I forwarded to your attention Madame Mayor, I propose that we utilized [redacted], [redacted] Baptist Church and [redacted] Baptist Church for after school programming. The period would be a total of 39 weeks (School breaks and holidays excluded) of programming, Monday - Friday, September 13, 2021 - June 18, 2022. I have had preliminary discussions with the leaders of each site and just like the summer, I am confident that we can get support for the school year programming. I would like to present the agreements to them as soon as we can so we can lock the sites in ad have adequate time to promote the program and recruit students. Madame Mayor, if you have any additional site recommendations or inputs, please let me know. [redacted] please review the attached MOU drafts and provide your thoughts and any feedback. Thanks.



The Executive Office memo dated June 17, 2021 was prepared for the June 22, 2021 City Council session, and was regarding an “Emergency Resolution” to “mitigate expected damages through an extension of the lease agreement” for the recreational building. The memo stated that the City was exposed to “potential damages, particularly in the form of hold over costs” if the recreational building was not vacated by the end of the lease on June 30, 2021. It appeared the Executive Office was aware that remaining at the building past the lease end date would cause financial impact to the City due to holdover damages. It seemed seriously improper to unnecessarily incur damages when pop-up locations were a viable alternative to the building, and City staff had been coordinating vacating the property by the lease end date.



CITY OF PONTIAC
OFFICIAL MEMORANDUM

Executive Branch

TO: Mayor [redacted] City Council President
City Council Members

FROM: [redacted]

DATE: 6/17, 2021
For the Council Session of June 22, 2021

RE: **EMERGENCY RESOLUTION**
TO MITIGATE EXPECTED DAMAGES THROUGH AN EXTENSION OF THE LEASE AGREEMENT FOR [redacted] GOLF DRIVE

Status of Lease (Option to Purchase) for [redacted] Golf Drive

The current lease agreement expires by its terms on June 30, 2021. The Council has been asked and has rejected several options regarding the short and long term youth activity at the location:

1. Council rejected the City's option to purchase the property.
2. Council rejected a month to month tenancy.
3. Council rejected a three year lease extension.

Each of these actions was within the Council's discretion, but have left a practical difficulty in closing down the youth activities, finding an alternate location for scheduled and contracted programming, safely storing 20 plus classrooms of donated furniture, musical instruments, instructional material, equipment and other items.

As an example, the [redacted] Basketball Camp is scheduled to start and run into the month of July (past our date of mandatory vacating of the premises. Several classrooms are filled with donated musical instruments, etc.

The lease for the property at [redacted] Golf Dr. included an option to purchase the site, funded by a budget allocation. The commitment allowed for the City to restore [redacted] activities and bring in Pontiac based non profit partnerships. That, now all must be moved.

There are now three significant issues:

- The City cannot secure an alternate location for the large amount of equipment and items, move out of a 50,000 sq foot facility, and safely vacate the property prior to June 30, 2021.
- The City cannot reprogram youth activities like the [redacted] Basketball Camp", for which there are more than 100 kids signed up, a different location and dates.
- The lease provides that if the City cannot vacate by June 30, 2021, the City will be liable for 150% of the rent, costs of re-letting the property and its delay, and other damages and attorney fees.

To avoid the negative effect of the short term cancellation of programming and the lack of capacity to close and move the 50,000 sq ft center by June 30, 2021, it is recommended that the City offer a one time extension of the lease agreement for three months, allowing the proper wind down process to occur.

DAMAGES: If the City cannot vacate timely, or cannot reprogram services without effect, the City will be faced with potential damages, particularly in the form of hold over costs:

Rent will be due for all periods of continued occupancy at \$39,000/month, plus the costs associated.

Any breach of an agreement for camps and programming may expose the City to additional loss.

PROPOSED RESOLUTION IS ATTACHED



Resolution
Mayor's Office

21-108 Resolution to approve the purchase of [redacted] Golf Dr. as the Designated Facility
PYREC Operations. Moved by Councilperson [redacted] and second by Councilperson [redacted]

Whereas, a certain Lease Agreement (with Purchase option) dated July 1, 2018 was entered into between [redacted] Landlord and the City of Pontiac as Tenant for the 3 year lease by the City of the premises commonly known as [redacted] Golf Road, and within which the City has operated its youth center (the "Lease") which Lease expires on June 30, 2021; and
Whereas, Section 13 of the Lease grants the City with two options to purchase [redacted] Golf Drive from the landlord; the first option period began April 1, 2019 and ended June 30, 2019 without the City exercising its option; and the second and final option period commenced January 1, 2021 and ends June 30, 2021 (the "Purchase Option"); and
Whereas, the City's purchase price of [redacted] Golf Drive during the second option period is \$2,850,000.00 per Section 13 of the Lease; and
Whereas, it is in the best interests of the City to maintain a youth center for the City's youth to safely and freely congregate and enjoy supervised physical activity; and
Whereas, the purchase of [redacted] Golf Drive is in the best interests of the City.
NOW THEREFORE, BE IT RESOLVED that the City Council does hereby Authorize the Mayor to submit the required Offer Notice, as set forth in Section 13 of the Lease, to authorize the office of the City Attorney to negotiate a purchase agreement with the landlord consistent with Section 13 of the Lease, and if due diligence reviews do not disclose any serious deficiencies to the building; to close on the purchase of [redacted] Golf Drive on or before June 30, 2021.

Ayes: [redacted]
No: [redacted]
Resolution Failed

Resolution

Pontiac Youth Recreation and Enrichment Center (PYREC)
21-157 Resolution to approve Pontiac Youth Recreation and Enrichment Center (PYREC)
Lease Agreement. Moved by Councilperson [redacted] and second by Councilperson [redacted]

WHEREAS, a Lease Agreement with purchase option, dated July 1, 2018 (the "Lease") was entered into between [redacted] ("Landlord") as Landlord and the City of Pontiac ("City") as Tenant for a term of three (3) years for the real estate and improvements located at [redacted] Golf Drive (the "Premises"); and
WHEREAS, the term of the Lease commenced July 1, 2018 and expires June 30, 2021; and
WHEREAS, since entering into the Lease, the City has operated its youth center ("PYREC") at the Premises; and
WHEREAS, section 13 of the Lease provides the City with two (2) options to purchase the Premises from the Landlord; the first option period commenced April 1, 2019 and ended June 30, 2019 without the city exercising its option and the second option period began January 1, 2021 and ends June 30, 2021 (collectively, the "Purchase Option"); and
WHEREAS, On April 20, 2021, the Council voted on a resolution to approve the exercise of the option to purchase the Premises and the resolution failed on a 6-1 vote; and
WHEREAS, the Lease expires on June 30, 2021; and
WHEREAS, without a short-term extension of the Lease, the City's lawful occupancy of the Premises will expire on June 30, 2021, and PYREC and the children who benefit from the operation of the

May 25, 2021 Approved Minutes

programs at PYREC will be displaced without a suitable temporary or long-term replacement location having been established; and

WHEREAS, Landlord recently offered the City an option to extend the Lease of the Premises for a term not to exceed one (1) year, from July 1, 2021 until June 30, 2022 on the same monetary terms and conditions, with an option by Landlord, the potential buyer of the Premises from Landlord, or the City to terminate the Lease not less than ninety (90) days' prior written notice to the other party.

WHEREAS, it is in the best interests of the City and its youth to enter into this short-term extension of the Lease until such time as an alternative location for PYREC can be identified and implemented.
NOW, THEREFORE BE IT RESOLVED that Council hereby approves the extension of the Lease for a term of not more than one (1) (July 1, 2021-June 30, 2022) with no increase in rent (remains at \$26,000 per month) and with unilateral ability for either party to the Lease to terminate it with not less than ninety (90) days prior written notice to the other party; and

BE IT FURTHER RESOLVED, that the City Attorney is hereby requested to prepare an amendment to the Lease based on the terms and conditions set forth above, and further, executed by the Mayor following the execution of same by the Landlord.

Ayes: [redacted]
No: [redacted]
Resolution Failed

Resolution

Pontiac Youth Recreation and Enrichment Center (PYREC)
21-204 Emergency resolution to Mitigate Expected Damages through an Extension of the
Lease Agreement for [redacted] Golf Drive. Moved by Councilperson [redacted] and second by Councilperson [redacted]

Whereas, the City Council has elected to reject the option to purchase the property at [redacted] Golf Dr. pursuant to the lease agreement and likewise rejected the owners offer to continue the lease on either a month to month or three year basis; and
Whereas, the City must vacate the entire premises by June 30, 2021 of be considered a hold over tenant which will cause the city to be charged additional rent and damages; and
Whereas, the property owner is in agreement to grant a three month extension on the lease agreement to continue programming, manage a schedule to close the center, and mitigate additional damages.
NOW THEREFORE, BE IT RESOLVED that the City Council does hereby Authorize the Mayor to review and execute a three (3) month extension to the Lease Agreement for [redacted] Golf Drive to allow for the City to timely re-program scheduled youth activity, determine a place and process for vacating the premises, and to avoid any extended damages during the extension.

Ayes: None
No: [redacted]
Resolution Failed
Councilwoman F [redacted] was absent during the vote



By not vacating the building, the former Mayoral officeholder had defaulted on the lease agreement which triggered the “Holdover” section of the lease in the “Event of Default.” Belongings were still in the facility past the June 30, 2021 lease end date. The City’s default on the lease allowed the monthly rental rate to increase 150% to 200%, plus exposure to additional “direct or indirect damages.”

The property owner notified the City in a letter dated June 30, 2021 that the “failure of the City to vacate the premises as of the end of the Lease Term is a default...and the City is now considered a ‘hold over’ tenant.” The lease allowed the property owner to charge the City 150% of the current monthly rental rate. The property owner waived the increased rent for *only two months* “July and August 2021” but this waiver “*shall not be deemed as extension of the lease*”. During the holdover period the City incurred unnecessary expenses as a result of defaulting on the lease agreement.

28. **Holdover**

Lessee shall surrender the Premises to Lessor upon the expiration or earlier termination of this lease in good order and condition, reasonable wear and tear excepted, and otherwise in compliance with the terms of this Lease. Any holding over after the expiration of the Term, without the express written consent of Lessor, shall constitute an Event of Default and, without limiting Lessor’s remedies provided in this Lease, such holding over shall be construed to be a tenancy at sufferance, at a rental rate equal to the greater of one hundred fifty percent (150%) of the fair market rental value for the Premises as determined by Lessor or two hundred percent (200%) of the Base Rent last due in this Lease, plus Additional Rent, and shall otherwise be on the terms and conditions herein specified, so far as applicable; provided, however, that in no event shall any renewal or expansion option, option to purchase, or other similar right or option contained in this Lease be deemed applicable to any such tenancy at sufferance. If the Premises are not surrendered at the end of the Term or sooner termination of this Lease, Lessee shall indemnify, defend and hold Lessor harmless from and against any and all loss, direct or indirect damages or liability resulting from delay by Lessee in so surrendering the Premises including, without limitation, any loss or liability resulting from any claim against Lessor made by any succeeding tenant or prospective tenant founded on or resulting from such delay and losses to Lessor due to lost opportunities to lease any portion of the Premises to any such succeeding tenant or prospective tenant, together with, in each case, actual attorneys’ fees and costs.

June 30, 2021

City of Pontiac
Attn: Mayor [REDACTED]
47450 Woodward Ave
Pontiac, MI 48342

Re: **Notice of Expiration of Lease Term and Hold Over Status**

Madam Mayor,

Please allow this letter to serve as notice that the Lease Term under the Lease Agreement dated July 1, 2018, between [REDACTED] and the City of Pontiac, has now expired. The failure of the City to vacate the premises as of the end of the Lease Term is a default under the lease and the City is now considered a “hold over” tenant. Pursuant to Section 27 of the Lease Agreement, the landlord is entitled to claim the occupancy as a tenancy in suffrage and charge the City 150% of the current monthly rental rate. I am providing this written notice that your tenancy is now a tenancy in sufferance subject to the following offered relief.

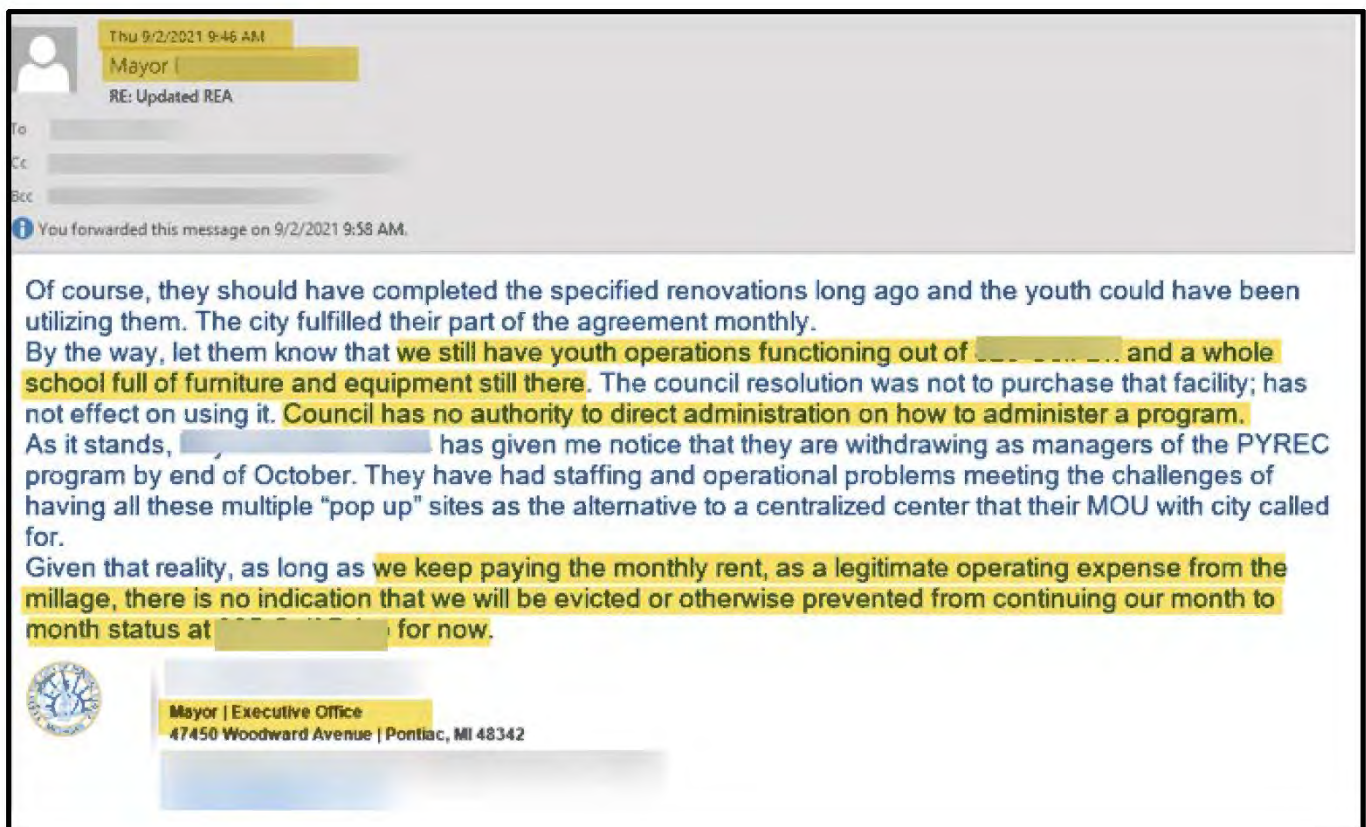
In consideration of the mutual goals of [REDACTED] and the City, that being the continued programming and care of the youth of Pontiac, I am waiving the increased rent awarded in Section 27 for the months of July and August 2021. The City may remain a “hold over” occupant during this time, provided, all remaining terms of the Lease Agreement, including insurance, liability, maintenance and services are kept current and free from any claim of default. In the event landlord is forced to seek a judicial remedy to recover possession of the property at a later date, this one-time waiver shall not be deemed an extension of the lease or a waiver of any other right.

Please note that the property is actively listed for sale, and should the property go under contract for sale, with a closing date prior to the expiration of the relief in this letter, this notice may become void and of no further effect.

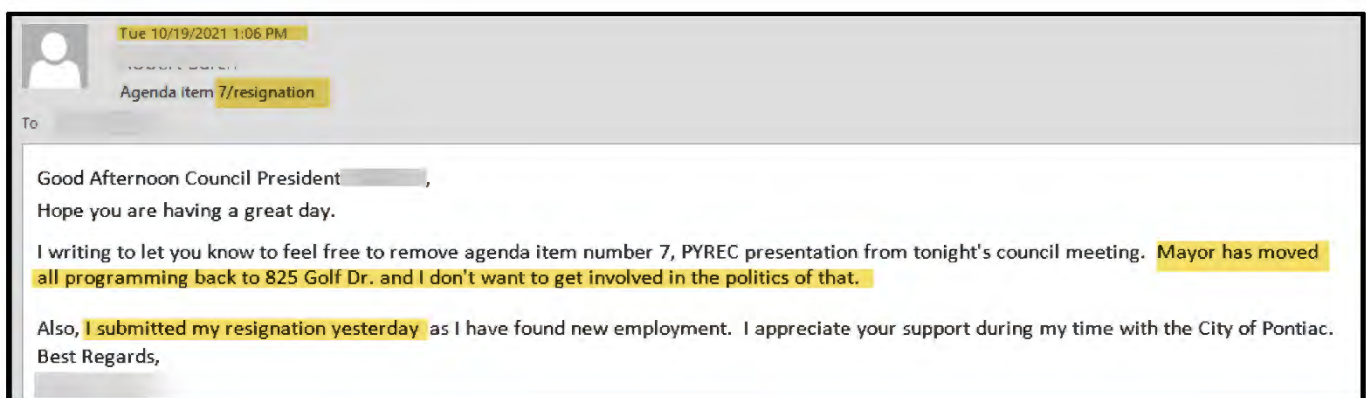
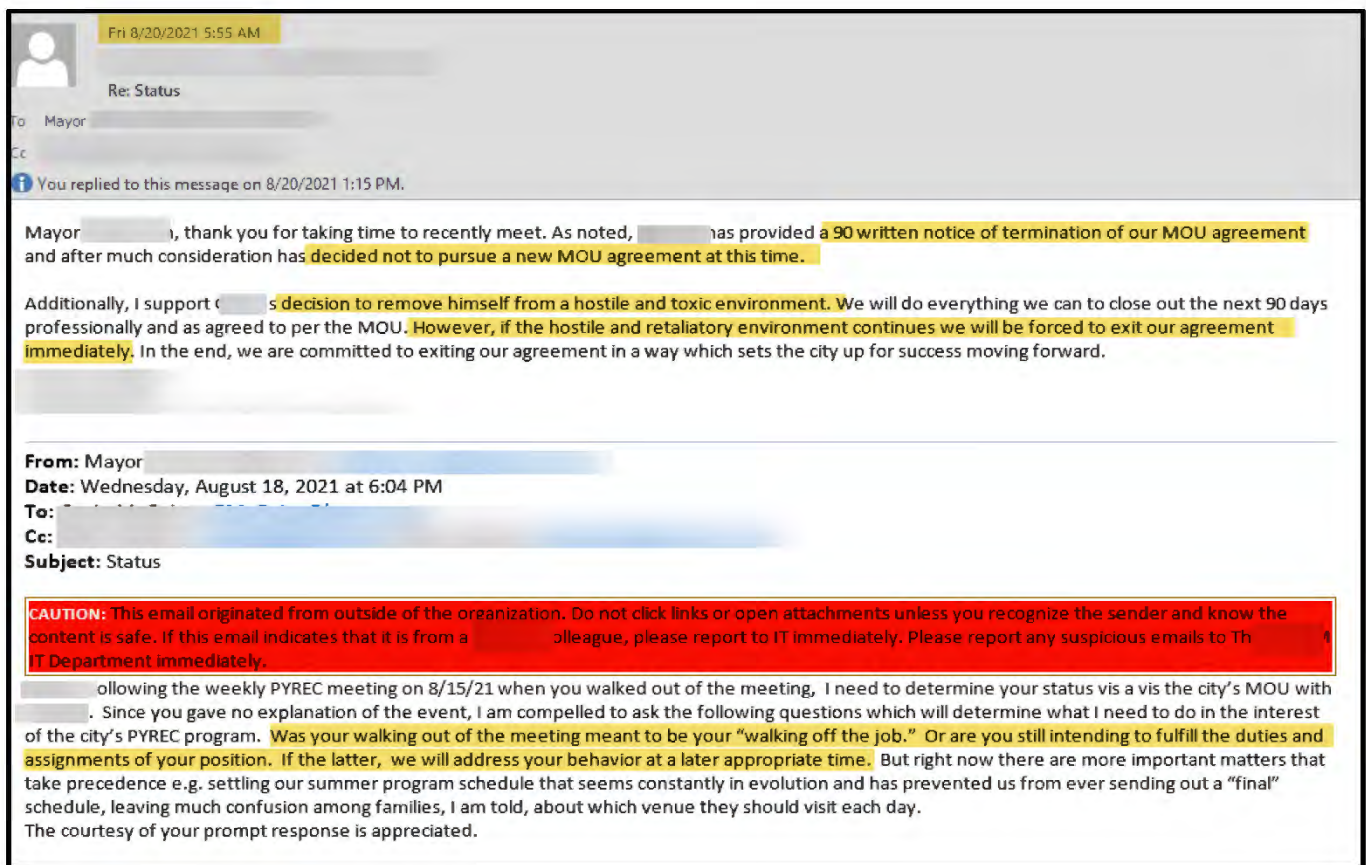
Sincerely,



On September 2, 2021, two days after the property owner waived the increased rent for only “July and August 2021”, the former Mayoral officeholder wrote in an email that the City “still have youth operations functioning out of [PYREC building] and a whole school of furniture and equipment still there.” The former Mayoral officeholder stated the “Council has no authority to direct administration on how to administer a program” and as long as the City kept paying the rent “as a legitimate operating expense”, there will be no eviction. This email revealed that the former Mayoral officeholder did not comply with Resolutions 21-157 and 21-204 which disallowed extending the rental agreement. It was seriously improper to extend the rental agreement through a default provision that the property owner expressed was “*not be deemed as extension of the lease.*”

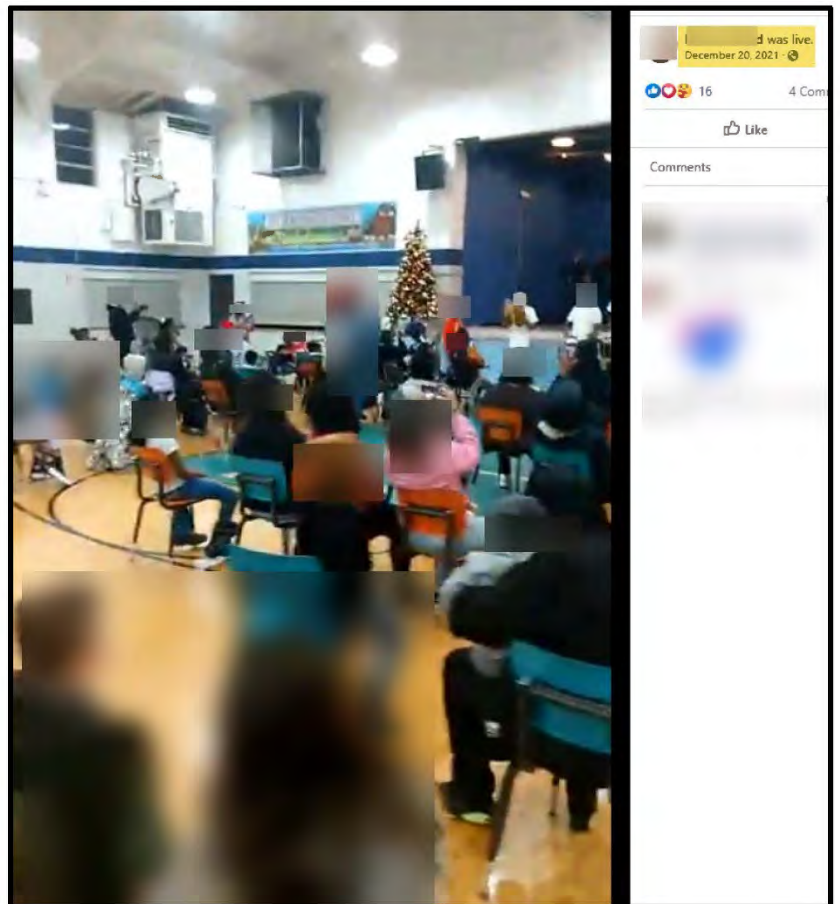
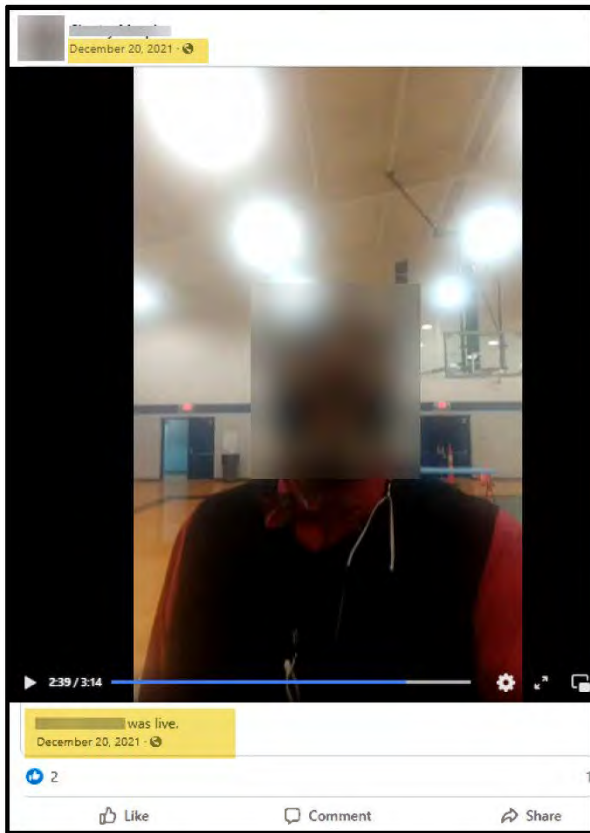


During the holdover period, an email from Firm 4B on August 20, 2021 stated if “hostile and toxic environment” and “hostile and retaliatory environment” continued, then Firm 4B would be “forced to exit our agreement immediately.” The last payment to Firm 4B was on August 31, 2021, corresponding with a withdrawal of services. Also during the holdover period the Youth Recreational Assistant Manager resigned in an email dated October 19, 2021 citing that “Mayor has moved all programming back to [PYREC building] and I don’t want to get involved in the politics of that.” It appeared that the former Executive Office lost the support of critical individuals to continue with programming services.



Use of the facility during the holdover period signified poor management practices. There was evidence the facility was used until December 2021. This was demonstrated by events that were held at the building in December 2021. At one of those events, the Sheriff was called to conduct a “miscellaneous investigation”. In a Sheriff’s case report #210257245 the former Deputy Mayor was documented as telling the Sheriff that the recreation building was “running due to funds that still remaining in the PYREC account. The city and the owner of the building have an agreement to continue the lease on a month to month basis.” This statement appeared flawed as the former City Councilor told the Sheriff that they voted to “discontinue the funding” for the building.

The former Executive Office was not compliant with City Council Resolutions. Defaulting on the lease agreement led to holdover costs as well as property maintenance costs, for a financial impact to the City of \$251,295.56.





Councilwoman [redacted] Both parties requested that an incident report be written.

INTERVIEW W/ [redacted] COUNCIL MEMBER-DISTRICT 5): Councilwoman [redacted] stated that she came to the Recreation Center because she had heard that it was still being occupied and operated by the city. She stated that Council met in June and voted to discontinue the funding for this building. She stated that she was there trying to make things right.

She then called Council President [redacted] and I conducted the following phone interview.

PHONE INTERVIEW W/ [redacted] COUNCIL PRESIDENT- DISTRICT 7): Councilman Williams stated the same, that members voted to discontinue the funding for the Recreation Center and since the vote it has become political between city administration and Council. He advised that at this point and juncture of the matter, that a documented report would be sufficient.

INTERVIEW W/ [redacted] (DEPUTY MAYOR): Deputy Mayor [redacted] stated that the Recreation Center is still running due to funds that still remaining in the PYREC account. The city and the owner of the building have an agreement to continue the lease on a month to month basis.

Deputy Mayor [redacted] provided me with a copy of the Hold Over Tenancy letters. See attached

I also was provided with a copy of the Program Director's [redacted] statement and report of the events that transpired at the listed date and time. See attached.

OBSERVATION: I observed Councilwoman [redacted] taking pictures around the building and as people were walking in and out.

ACTION TAKEN: I advised both parties that this matter would have to be handled between city departments internally. If an agreement was made between the building owner and administration, this would be considered civil in nature and any disputes would have to be settled amongst parties involved. Both Parties were given the report number for this incident.

STATUS: Closed.



----- Forwarded Message -----

From: [redacted]
To: "Me" [redacted]
Sent: Thu, Dec 9, 2021 at 3:03 PM
Subject: Pyrec

This is a reminder that we will be at Pontiac Youth Recreation tonight from 4pm to 7pm at [redacted] Golf Drive, Pontiac, MI. 48341. The days are Monday - Thursday this week and next week. We are asking for participation from as many as possible to be there in support of our youth, so whatever time you can give would be greatly appreciated. If you have not signed up please contact [redacted] and let him know times that you will be available.



Conduct

There was recurring evidence of conduct indicative of improper managerial practices, and conduct lacking of prudence, reasonable judgment and decision-making.

Instances of problematic conduct was as follows:

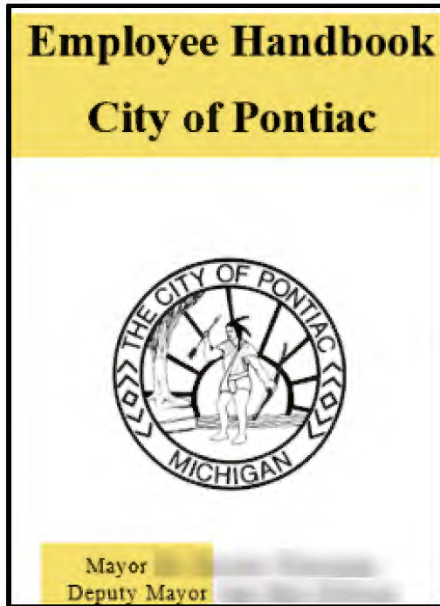
- Public records removed from the Executive Office
- City's public email system used for election campaign finance materials and fundraising for private foundations
- Expenses for unnecessary events that were out of pattern
- Comingling of public and personal affairs that led to perceived impropriety of conduct
- Public official using their influence to procure benefit for a foundation where they are a Director

Improper and questionable conduct were problematic for the following reasons:

- Removal of public records was appeared to wrongfully deprive the public of the right to freedom of information created by or in the former Executive Office
- Seriously improper practices using the City's public resources for personal uses, such as election campaigning and foundation fundraising purposes
- Incurring of unnecessary expenses potentially deprived the public of its financial resources that could have been allocated for other programs or services provided by the City
- Breakdown in internal controls and the control environment was intolerable due to actions that were dysfunctional affecting citywide operations



Points of reference for City conduct standards were:



CONFLICTS OF INTEREST

The City expects all employees to conduct themselves in a manner that reflects the highest standards of ethical conduct and in accordance with all federal, state, and local laws and regulations. This includes avoiding real and potential conflicts of interests.

Exactly what constitutes a conflict of interest or an unethical practice is both a moral and a legal question. The City recognizes and respects the individual employee's right to engage in activities outside of employment which is private in nature and do not in any way conflict with or reflect poorly on the City.

It is not possible to define all the circumstances and relationships that might create a conflict of interest. If a situation arises where there is a potential conflict of interest, the employee should discuss this with a manager for advice and guidance on how to proceed. The examples below suggest some of the types of activity that indicate improper behavior, unacceptable personal integrity, or unacceptable ethics:

- Accepting substantial gifts (valued at over \$20) or excessive gifts from an organization in a relationship with an employee's duties for the City.
- Speculating or dealing in materials, equipment, supplies, services, or property purchased by the City.
- Participating in civic or professional organization activities in a manner that divulges confidential information of the City or its employees.
- Misusing privileged information or revealing confidential data to outsiders.
- Using one's position at the City or knowledge of its affairs for personal gains.
- Engaging in practices or procedures that violate antitrust laws, commercial bribery laws, copyright laws, discrimination laws, campaign contribution laws, or other laws regulating the conduct of City business.

ELECTRONIC COMMUNICATION & TECHNOLOGY

It is the policy of the City to maximize the cost-effective use of computer systems as a means of improving productivity. The City provides communication resources including phones, computing resources, electronic mail (email), internet access, and other electronic communications devices (collectively referred to as the City Technology Resources) to employees to assist in and facilitate City's business and communications.

The primary purpose of the City's network and systems is to provide service to the public as part of City business, in a manner that is consistent with the City's vision and values. De Minimis⁴, incidental personal use of the City Technology Resources by employees is permitted if accomplished in compliance with the provisions of this policy, as set forth below. This policy does not address all required, allowed, or prohibited behaviors by employees, but covers common examples. In general, the City relies on the good judgment of its employees to ensure that City Technology Resources are used in the public's best interest.

NO EXPECTATION OF PRIVACY

The City reserves the right to access, monitor and disclose the contents of electronic messages and any record, regardless of format, related to the conduct of City business on City-issued or personal devices that employees use to access the City's Wi-Fi system or use to connect to the City network. Employees should have no expectation of privacy in either sending or receiving electronic messages, or other information on the Internet, City network or other electronic media.

PUBLIC RECORD

Email messages, other electronic communications, and documents created on City of Pontiac computer systems may be considered a public record subject to disclosure and/or subject to discovery in the event of litigation. All records, regardless of format, related to the conduct of City business reviewed, created or altered must be retained per the State of Michigan's Current Administrative Board Approved General Record Retention and Disposal Schedule as of the document creation date in accordance with sections 399.5 and 750.491 of the Michigan Compiled Laws.

PROHIBITED USES TECHNOLOGY RESOURCES

Use of the City Technology Resources to engage in any communication that violates federal, state, or local laws or regulations, or any City policy, is strictly prohibited at all times. In addition, the following uses of the City Technology Resources are inappropriate and are prohibited at all times, unless specifically exempted:

- Personal, commercial use (use that benefits an employee's outside employment or commercial business);
- Any personal use, even if incidental, that results in an expense to the City of Pontiac;

Employee Responsibilities

Employees' personal use of and activity on social media should not be attributable to the City or the employee's job function at the City or within their department. An employee's use and comments made on social media sites are subject to First Amendment protections. However, any personal use must be conducted in such a manner that a reader would not think that the employee is speaking for or on behalf of the City. If you list the City of Pontiac as your employer on your personal social media profiles, any information you post will be held to a higher level of scrutiny.

Employees should note that social media postings are not private and may be used in administrative or legal proceedings to the extent permitted under Michigan and Federal law.



City of Pontiac



Employee Handbook

F. Standards of Conduct

The following conduct is prohibited and will not be tolerated by The City of Pontiac. This list is for illustration purposes only; other types of conduct that may jeopardize the personal safety, security, or welfare of The City of Pontiac or its employees may also be prohibited.

- Violation of the Drug-free workplace Policy.
- Theft or deliberate or careless damage of any property of the City of Pontiac or the property of any employee, contractor, or vendor.
- Deliberate destruction of any property of the City of Pontiac or the property of any employee, elected official, contractor, or vendor.
- Unauthorized use of the property, equipment, or facilities of the City of Pontiac.
- Possession of another employee's personal equipment without the employee's consent.
- Removal of any property or records from the premises of the City of Pontiac without permission from management personnel.
- Insubordination, disrespect, or refusal to obey or willful failure to carry out verbal or written instructions of supervisory personnel.
- Provoking a fight or fighting during working hours or at any time on the property of the City of Pontiac.
- Participating in horseplay or practical jokes during working hours on our premises.
- Carrying firearms or any other dangerous weapons at any time on City property, during work hours, and/or on City business, even if carried pursuant to a Concealed Weapons Permit.
- Engaging in conduct detrimental to the City's reputation.
- Falsifying or omitting pertinent information from records or revealing confidential information to unauthorized persons.
- Dress or appearance inappropriate to the business of the City of Pontiac.
- Violation of the harassment policy or unprofessional behavior.
- Attendance problems or failure to observe work schedule, including lunch and rest periods.
- Abuse of paid time off.

E. Political Activities

Employees shall not engage directly or indirectly engage in any political activities outside of City employment which may conflict with the best interest of the City or interfere with the employee's ability to perform their assigned City job. An employee may be subject to disciplinary action, up to and including discharge for violation of this policy. Examples of prohibited conduct include but are not limited to:

- Participation in outside political activities that prevent the employee from being available for work beyond normal working hours, such as emergencies or peak work periods when such availability is a regular part of the employees job;
- Solicitation of contributions for any candidate or cause while on duty;
- Participation in any political campaign by distributing literature, or demonstrating on behalf or in opposition to any political candidate or cause during work hours;
- The use of public funds, property, supplies, equipment, facilities, computers, or any other resources belonging to the City to promote or oppose and political candidate or cause.

No employee of the City shall:

- Use his/her official authority and influence over other employees for the purpose of interfering with or affecting the result of an election or nomination for office;
- Use his/her position of employment or any confidential information received through the holding of that employment to obtain financial gain, other than compensation provided by law for himself/herself, a member of his/her family, or business with which the individual is associated.
- Use City personnel, resources, property, funds for personal gain of more than a de minimums nature;
- Directly or indirectly coerce, attempt to coerce, command or advise another employee to pay, lend, or contribute anything of value to a party, committee, organization, agency or person for political purposes.



Conduct was important because it directly affected internal controls and the City's ability to safeguard funds. The City demonstrated an inability to communicate in an effective manner to mutually achieve objectives. There were continuous challenges not remediated which led to adversarial and irreconcilable situations. A former hostile work place was demonstrated that lacked respect for everyone in the organization. Former individuals at the top of the organization were responsible for standards, but did not meet those standards, and other City Officers, employees, and contractors mimicked these substandard behaviors. When City leadership did not conform to high standards, this created an unacceptable citywide risk and performance of improper managerial practices with purchasing and contracting, conduct lacking of prudence, reasonable judgment and decision-making.

There was not handling in a fair and consistent manner for accountability and transparency when there were complaints and red flags of improper conduct. When there was perceived improperly it was observed that individuals did not recuse themselves to mitigate the optics of potential conflicts. City leadership in the highest positions hold special authorities and responsibilities to the citizens that should be becoming of the duties of their office. When City leadership chose to circumvent, obfuscate, and not properly perform duties it led the City into dysfunction.

The screenshot shows an email interface. At the top, it says "Fri 1/31/2020 11:44 AM" and "FW: PO Policy". Below that is a "Message" section with an attachment "PO Policy.docx". A red warning banner reads: "WARNING: This email originated from outside of City of Pontiac. DO NOT click on any links or open any attachments unless you recognize the sender and are expecting the message." The main body of the email contains several lines of text with redactions: "These make sense and I think this was [redacted]'s original plan from when he revamped the purchase order workflow last Summer. I think the problem is department heads ([redacted] mainly) started slacking once [redacted] left and then totally stopped caring once the purchasing agent [redacted] left. She may have been pushing back on the department heads to follow these rules and we just didn't see it/hear it. [redacted] May be a good idea to discuss in a department head meeting and set expectations going forward." It ends with "Thanks,". To the right of the email body, a file icon and name "19 0831D.pdf (73 KB)" are visible. Below the first email is a second email snippet starting with "upon your return, please print these for the Mayor and have her review." followed by a paragraph: "All, in tonight's Council meeting agenda, the review of the weekly check registers shows that July 26 was missing. Of course, we are just now getting 8/23 approved, but 7/26 was an oversight. It is unfortunate that the relationship with Council is such that a clear oversight cannot be worked out in advance over the phone so that we could have these reports to them (and the public) on time. This is the toxic environment I talk about so much." It then says "Thanks for your attention to this matter." and includes a header: "From: Janet Peters", "Sent: Tuesday, September 3, 2019 3:20 PM", "To: [redacted]", "Subject: Attached check register still need Mayor's approval". The body of this second email says "Good afternoon, There are three weeks of check registers that need approval of the Mayor to website post. Sincerely,".



Non-conformance to standard and historical practices and wrongful use of influence to procure a financial benefit

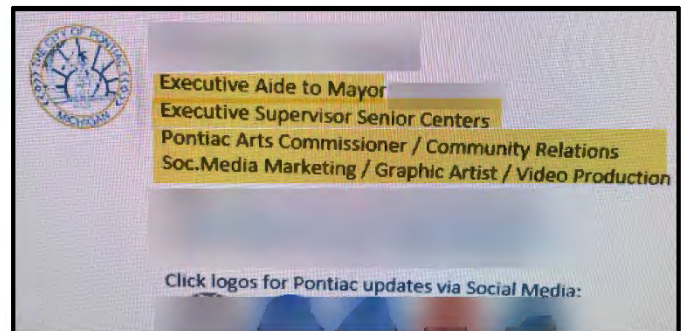
In December 2021, the former Mayoral officeholder and Executive staff planned an end-of-the-year State of the City (SOC) Farewell Address. This was out of pattern for the City as all prior SOC events had occurred mid-calendar year corresponding with the City's new fiscal year. It seemed improper for a SOC event to be held in December as a "farewell" for the following reasons:

- The National League of Cities (NLC) standard on State of the City speeches is to "...set the policy agenda for the year ahead" and "how the policy will achieve a desired goal"¹
 - The City is a member of both the NLC and Michigan Municipal League (MML); MML is a founding member of the NLC
 - Former Mayoral officeholder is a Director for the MML
 - Former Mayoral officeholder attended several conferences and conventions hosted by the MML and other professional mayoral organizations, such as U.S. Conference of Mayors and the Michigan Association of Mayors
 - The former Mayoral officeholder received at least \$10,000 in training from professional organizations
- During the eight years of tenure the former Mayoral officeholder held SOC events at the start of the fiscal year (June - July)
 - The City did not have a tradition of a farewell event for elected officials in December
 - "State of the City Farewell Address" event implied a different purpose than the traditional SOC address which was for setting policy agenda and goals for the upcoming year
 - The flyer for the December SOC event reflected the time period of 2014-2021 which was a lookback period and not a go-forward vision of the upcoming fiscal year policy and goals
- Former City Council Resolution 21-387 disallowed any expenses related to the December SOC Farewell address

¹ https://www.nlc.org/wp-content/uploads/2017/01/NLC_State_of_the_Cities_Brief_WEB_2017_0.pdf
<https://www.nlc.org/membership/>



- The former Mayoral officeholder held the December SOC about two weeks before the Executive Office transition-of-power occurred (December 2021 - January 2022)
- There appeared to be commingling of supplies at a related personal Farewell Celebration event the former Mayoral Officeholder held four days before the December SOC
 - The December SOC event was on December 16, 2021
 - The personal Farewell Celebration event was on December 12, 2021
- The supplies paid for by the City were purchased on an expedited manner with upcharge costs for rush orders and shipping
- The personal Farewell Celebration benefited a private non-profit Foundation where the former Mayoral officeholder is a Director
 - The Foundation (Vendor #10000037) solicited the former Mayoral officeholder and received a City payment of \$2,500
 - Foundation President was the Master of Ceremonies at the personal Farewell Celebration; and was a speaker at many past year's SOC event
- A City employee ("Executive Aide" to Mayor and Pontiac Arts Commissioner) sent out Farewell Celebration flyers by their official email (@pontiac.mi.us) soliciting donations for the Foundation
- The Executive Aide used their influence to pressure a City Official (Vendor #13036) for a donation, and at least one other contractor (Vendor #10004457) did donate to the Foundation



Resolution passed by former City Council

21-387 **Add-on Resolution regarding the 2021 State of the City Farewell Address.** Moved by Councilperson [redacted] and second by Councilperson [redacted]

Whereas, it has come to Council's attention that the Mayor is hosting a 2021 State of the City Farewell Address on December 16, 2021 at [redacted] and, Whereas, section 4.102(b) of the Charter states that the Mayor possess all powers inherent in being the chief of operating officer of the executive branch including presenting the proposed annual budget and a state of the city address; and Whereas, the charter is clear, the Mayor is entitled to have "a," which is singular, state of the city address and not multiple; and Whereas, the Mayor provided her State of the City Address on June 28, 2021; and, Whereas, the Mayor may certainly have a farewell address ad at a location of her choosing, but not using taxpayer dollars.

Now, Therefore Be It Resolved, that the Pontiac City Council does not and will not approve any expenditures related to the Mayor's State of the City Farewell Address or for any other speech or production.

Ayes: [redacted]
No: [redacted]
Resolution Passed

Budget Message - City Administrator



CITY OF PONTIAC
OFFICE OF THE CITY ADMINISTRATOR
47450 Woodward Avenue
Pontiac, Michigan 48342

May 15, 2014

Taxpayers of the City of Pontiac:

Traditionally, the budget message would be prepared by the mayor, but since the mayor only recently was given authority over the development of the budget, I, as city administrator will serve as author of the budget message.

The mayor also identified the following new spending priorities in the 2015-16 General Fund budget:

1. Allocation of \$25,000 to the city council to use the services of the City Attorney.
2. \$138,625 increase in subsidy to 50th District Court due to contractually mandated full cost coverage for employee insurance benefits.
3. Membership dues will be reinstated (\$37,281). The dues included in the budget are: Michigan Municipal League (\$17,771), U.S. Conference of Mayors (\$5,269), and Michigan Association of Mayors (\$85). Action Association (\$6,250).
4. Deputy mayor will receive a \$10,000 raise and complete insurance benefit package (\$28,250).
5. Election clerk in the clerk's office will be elevated to full-time without benefit package (\$9,240).
6. \$10,000 for training for mayor.

Page 18 of 61

Conclusion

The proposed budget that follows is structurally balanced for the next two ensuing fiscal years. The City will need to continue to address funding challenges in the future and continue to explore options that will allow the City to provide increased or better services at a lower cost and increasing spendable fund balance.

City Administrator

December SOC event flyer



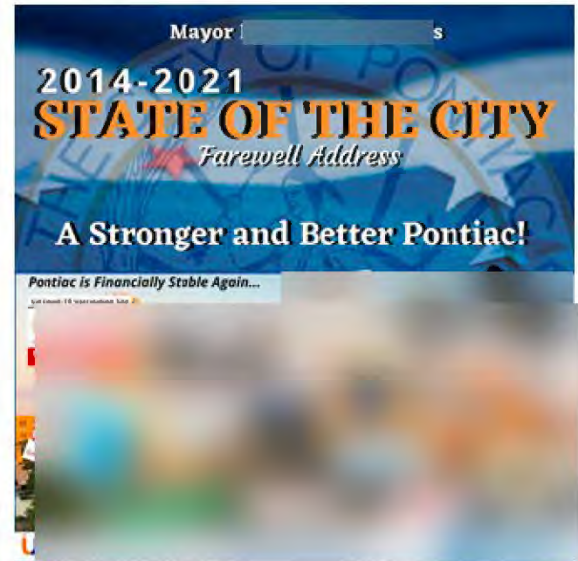
Thu 12/16/2021 7:08 AM

Mayor [redacted]

Reminder: **You're Invited to the State of the City Farewell Address!**

To Mayor [redacted]

WARNING: This email originated from outside of City of Pontiac. DO NOT click on any links or open



- Civic Relief for Residents & Local Business
- New Businesses and Programs
- \$17.7 Million in Biden Bucks for Pontiac
- 900 Blighted Homes Removed
- Property Owners Values Increased
- Repairing Pontiac Roads & Infrastructure

December 16, 2021 - 6:00 PM

Location:

For more information Call (248) 758-3300

You're Invited to the State of the City Farewell Address!

Join Mayor [redacted] for the State of the City Farewell Address on December 16th, 2021 at 6:00 PM. The event will be held at the [redacted]

Pontiac, MI.

For more information call (248) 758-3300



All expenses for the December SOC event seemed to be unnecessary expenses that were incurred by the City. Expenses included the event location, an event planner, catering, awards, photos, flowers, and decorations. Additionally, the Executive Aide time was used to plan and host this event. In total, the financial impact was \$50,441.88 for this event.

SOC Farewell Expenses - December 16, 2021				
Company	Service Provided	City Estimated Impact	Actual Financial Impact	
Entertainment				
	Sang National Anthem	\$ 100.00	\$	500.00
	Master of Ceremony	--	\$	1,250.00
	DJ	\$ 150.00		*unconfirmed
	Total	\$ 250.00	\$	1,900.00
Services/Goods				
	Cookies for Event	\$ 450.00	\$	450.00
	Cookies for Event	\$ 303.94	\$	321.58
	Cookies for Event	\$ 600.00	\$	600.00
	Total	\$ 1,353.94	\$	1,371.58
Swag/Awards				
	Swag Item	--		--
	Swag Item	\$ 1,475.00	\$	1,475.00
	Keys to the City	\$ 2,456.84	\$	2,456.84
	Keys to the City	\$ 1,654.56	\$	1,654.56
	Keys to the City	\$ 895.00	\$	865.23
	Keys to the City	\$ 60.00	\$	60.00
	Keys to the City	\$ 480.00	\$	480.00
	Keys to the City	--	\$	198.00
	Gift Bags	\$ 103.81		*unconfirmed
	Tissue Paper	\$ 27.54		*unconfirmed
	labels, tags, filler	\$ 130.23		*unconfirmed
	misc charges	\$ 677.71		*unconfirmed
	Banner	--	\$	199.39
	Red Carpet Backdrop	--	\$	69.99
	Total	\$ 7,960.69	\$	8,398.30
Services				
	Flowers and plants	\$ 1,068.00	\$	1,112.00
	Program Booklets	\$ 900.00	\$	1,255.00
	Photography	\$ 1,200.00	\$	1,200.00
	Personal Services	\$ 5,000.00	\$	7,500.00
	Video Services	\$ 4,700.00	\$	4,700.00
	Total	\$12,868.00	\$	15,767.00
Venue				
	Facility Rental	\$ 23,005.00	\$	23,005.00
	Total	\$23,005.00	\$	23,005.00
<i>*Unconfirmed amounts were not able to be substantiated in emails or invoices</i>				
			City Estimated Impact	\$ 45,437.63
			Actual Financial Impact	\$ 50,441.88



While the Executive Aide and the event planner (Vendor #10004485) worked on the December SOC event, they also planned the former Mayoral officeholder Farewell Celebration event. This Farewell Celebration event was a personal event held at a hotel on December 12, 2021, just four days *before* the December SOC. Emails showed the Executive Aide and event planner were involved in recurring meetings for the Farewell Celebration. Attached to an email dated December 10, 2021, the Executive Aide sent the Farewell Celebration Program. The program identified that the “Song Selection” individual was the same vocalist (Vendor #10004465) as who performed at the December SOC, and a section for “Proclamations, Plaques and Awards.”

Mayor [redacted]'s Farewell Celebration
December 12, 2021

Program
Master of Ceremonies
 [redacted]
Vice President

Blessings..... [redacted]
Song Selection..... [redacted]

Acknowledgements
Attorney..... [redacted]
 Sr. Vice President of [redacted]
 Sr. Director of Community Services..... [redacted]
 Former Deputy Mayor..... [redacted]
 Deputy Mayor..... [redacted]

"Proclamations, Plaques and Awards"
 County Commissioner..... [redacted]

"Community Acknowledgements"
 Mayor Elect..... [redacted]
 Response By..... Mayor [redacted]
 Champaign Toast..... [redacted]
 Song Selections..... [redacted]

Special Thanks to...
 Mayor [redacted] Foundation
 [redacted] Committee
 All Donors and Contributors
 Thank You for your Support

Fr 12/10/2021 8:57 AM
 Re: Mayor [redacted] Celebration UPDATES
 6:00 PM 12-2-2021

To: [redacted]
 [redacted] Mayor

Message [redacted] Mayor's Farewell Program.png (3 MB)

WARNING: This email originated from **outside** of City of Pontiac. **DO NOT click on any links or open any attachments** unless you recognize the sender and are expecting the message.

Here is the Final Version

On Thu, Dec 2, 2021 at 1:10 PM [redacted] wrote:

Topic: Celebration for Mayor [redacted]
 Time: This is a recurring meeting Meet anytime

Join Zoom Meeting [redacted]



The event planner was hired as a “Financial Analyst” contractor with a “flat fee of \$2,500.00 per payroll” with “not to exceed \$10,000.00,” and this MOU was signed on November 15, 2021 by the former Mayoral officeholder. Invoices from the event planner identified a scope of work as “preparation for State of City Farewell Address...” which was not indicative of a Financial Analyst position traditionally responsible for financial statements and reports². Additionally, the Finance Department and Executive staff appeared to be confused on payment terms, and emailed the former Mayoral officeholder for clarification and approval of invoices. The former Mayoral officeholder approved three invoices totaling \$7,500 on December 29, 2021. The event planner appeared to not have been paid through the payroll system, and the purchase order was unilaterally approved by the Finance Director.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is to set forth the terms of agreement between [redacted], an independent contractor located at [redacted] MI 48310, and the City of Pontiac, a Michigan Municipal Corporation located at 47450 Woodward Avenue, Pontiac, Michigan, 48342. ("CITY"): collectively the "Parties".

- Nature and Scope of Services.** In the course of performing services under the MOU, the Parties agree:
 - [redacted] will perform services as an independent contractor and consistent with those of a(n) Executive Staff, and at the direction of the Mayor.
- Fees.** The CITY agrees to pay [redacted] *Financial Analyst* at a rate of *Flat fee of \$2500 per payroll* per hour with a total not to exceed \$10,000.00.
- Responsibility for Own Acts and Omissions.** Both Parties agree to be legally and financially responsible for their own actions including those of their employees, representatives and agents, and will indemnify and hold each other harmless for the acts or omissions of themselves, including their employees, representatives and agents, in the performance of this MOU.
- Governing Law and Disputes.** This MOU will be governed by and construed in accordance with the laws of the State of Michigan. Any court of competent jurisdiction located in the State of Michigan shall have jurisdiction for any disputes arising herein under.
- Amendment.** This MOU may only be modified by mutual assent of the Parties in writing and executed by the Parties.
- Compliance with Applicable Laws.** The Parties shall comply with all applicable laws in all aspects of the performance of this MOU.

CITY OF PONTIAC **INDEPENDENT CONTRACTOR**

[redacted signature] [redacted signature]

MAYOR [redacted] [redacted]

DATE: *11/15/21* **DATE:** *11/15/21*

PO Amount	PO Approval History User1	PO Approval History User2	PO Approval History User3	PO Approval History User4	PO Completed Date	PO Department Description	PO Description	PO Entered By	PO Ordered By	PO Number	Vendor Name
\$ 7,500.00	DC	DC	DC	DC	12/30/2021	Mayor	Contract Services Mayor's Office	DC	DC	21-01963	

² <http://www.pontiac.mi.us/Senior%20Financial%20Analyst%20Description%20102418.pdf>



Invoice

Description	Qty	Unit price	Total price
Independent Contractor Services: November 14 - November 27, 2021	1	\$2,500.00	\$2,500.00
Notes: Independent contractor services: preparation for State of the City Farewell Address (vendor contract management, research and compile fiscal, community and business information for presentation) and finalize other legacy projects.			
Subtotal			\$2,500.00
Adjustments			\$0.00
			\$2,500.00

Senior Financial Analyst

FLSA: Administrative exemption

Summary: The Senior Financial Analyst will actively participate in functions related to building financial statements, analyzing complex financial data, preparing advanced models and financial forecasts, and maintaining the City's bond portfolio. The selected candidate will have the opportunity to showcase their experience and skills to support the goals of the department, while actively participating in new initiatives to further enhance the accuracy and integrity of the City's financial data. Performs complex work related to accounting, financial reporting, and advanced analysis of the city's finances. Work involves the application of financial analysis with an emphasis on budgetary issues and personnel studies. May be required to perform intermediate accounting work involving, preparation of financial statements and general ledger accounting duties. Review, analyze, evaluate financial data; prepares reports and responds to inquiries; and recommends and approves actions to resolve financial issues.

Wed 12/29/2021 8:27 AM

RE: Final invoice for mayor signature

The invoice does appear to be for one week. I am not certain of the payment agreement. Mayor will need to clarify.

From: [Redacted]

Sent: Wednesday, December 29, 2021 10:26 AM

To: [Redacted]

Cc: [Redacted]

Subject: RE: Final invoice for mayor signature

My understanding was she was being paid \$2,500 every two weeks. The invoice you just sent looks like it is for one week at \$2,500. Is that correct?

Wed 12/29/2021 7:33 PM


Mayor

RE: Final invoice for mayor signature

To: [Redacted]

Cc: [Redacted]

She has or should have scheduled work hours for the following pay dates:
 Dec. 16 paid
 Dec. 30 I'll sign invoice
 Jan. 13 She has scheduled work hours for this pay period which began Dec. 26. I'll will sign 3rd invoice upon completion of those work hours

 Mayor | Executive Office
 47450 Woodward Avenue | Pontiac, MI 48342

From: [Redacted]

Sent: Wednesday, December 29, 2021 9:47 AM

To: Mayor [Redacted]

Cc: [Redacted]

Subject: FW: Final invoice for mayor signature

Mayor,

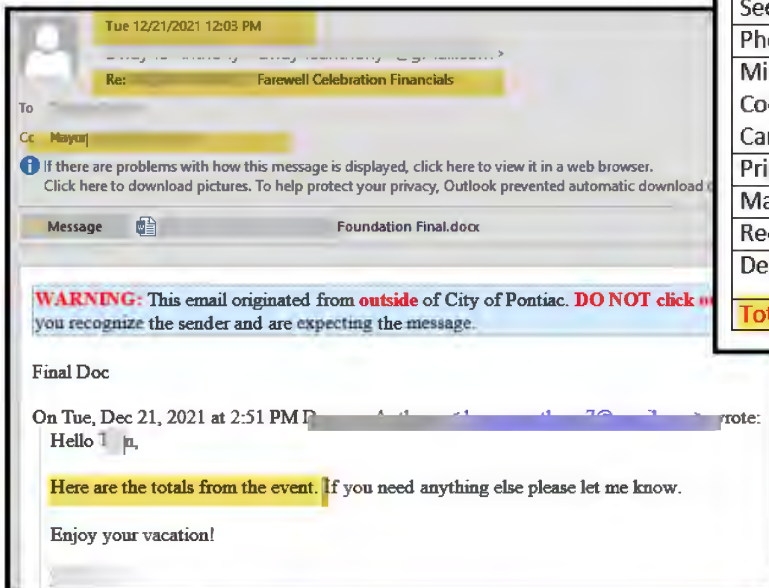
Please approve the attached invoice from [Redacted]. Also, there are three additional invoices that also require your approval from [Redacted]. In total there are four invoices at \$2500 each = \$10,000. Let me know how you wish to proceed with the invoices.

Thank you,



The Foundation Financial Report and receipts for the Farewell Celebration was emailed to the Foundation President on December 21, 2021 by the Executive Aide using the City's official email system. The Foundation's report identified *no* amounts were paid for the event planner, which the City had been paying for invoices. The involvement of the event planner was evidenced in emails and recurring meetings held for the personal Farewell Celebration.

Foundation		
Financial Report		
Event: Mayor		Farewell Celebration 12/12/2021
Deposits	Total Deposits	
\$4,300		
\$2,000 (based on 2% charge)	\$1,960	
\$4,550		
\$330.00		
Total Amount	\$11,140	
Deposit Deductions	Amount	Total Deductions
Venue	\$7,830.60	
Decorating	\$1,085.45	
DJ Services	\$350.00	
Security	\$200.00	
Photography	\$150.00	
Miscellaneous:	\$150.00 (Cookies)	
Cookies, Pens, Candles, Popcorn	\$500.00	
Printing	\$115.56	
Mail	\$107.00	
Red Carpet	\$42.39	
Deposit Deduction	\$600.00	
		aid a \$600 down payment to in kiate decorator's services.
Total Amount		\$11,131



Additionally, there were no amounts on the Foundation’s report for the song selection (Vendor #10004465) contractor. Initially, the song selection was for \$100, but the City paid \$500 to this contractor. The invoice stated services were for the National Anthem “and additional song.” There was no contract found for this expense; the vendor confirmed they were paid by the City for both December SOC and the Farewell Celebration.

INVOICE			
Invoice #200			
12/20/2021			
State of City Address City of Pontiac			
QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
	Live Vocal Performance of National Anthem and additional song		\$500.00

The Farewell Celebration and the December SOC had appeared to be nearly identical events. The costs for the banner, carpet, and awards were omitted from the Foundation’s Financial Report, as these were purchased by the City’s credit cards. The banner appeared to be used as the photo backdrop at both events. This order was placed on December 8, 2021, *only four days before* the Farewell Celebration on December 12, 2021. This banner was printed by and mailed on December 9, 2021.

Wed 12/8/2021 1:05 PM


Your Order Confirmation (#13000)

To

If there are problems with how this message is displayed, click here to view it in a web browser.

Thanks for your order

Order #13000

 **10' x 8' Step and Repeat Banner**
 Finishing Options: Pole Pocket (Top Only),
 Upgrade to Fabric: No, File Upload #1: Mayor's
 Celebration.png, Special Instructions: ; has
 file, Custom Design Id: 0
 Qty: 1 \$118.00 USD
 \$118.00 USD

Subtotal:	\$118.00 USD
Shipping:	\$81.39 USD
Tax:	\$0.00 USD
Grand Total:	\$199.39 USD

Payment method: Credit Card
 Shipping method: FedEx (FedEx 2 Day) for \$81.39 USD

Thu 12/9/2021 8:29 AM

Re: Banner

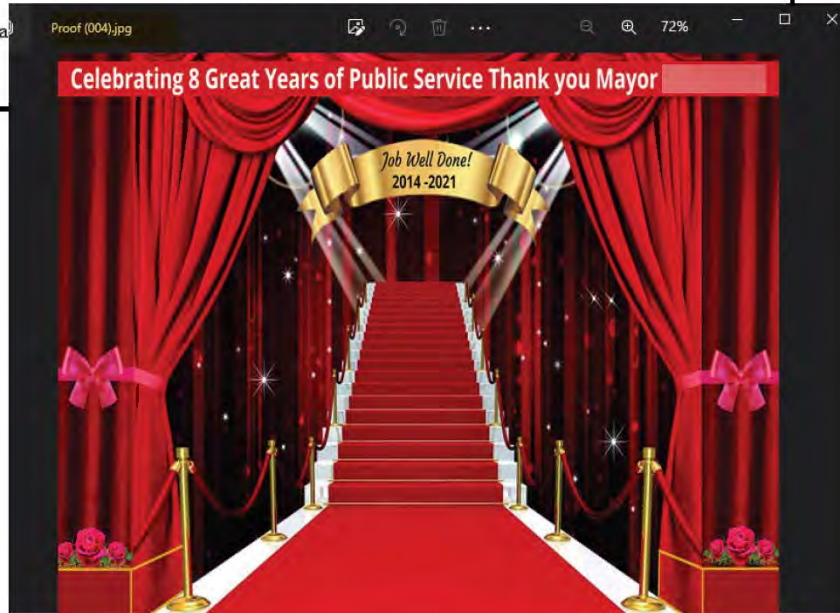
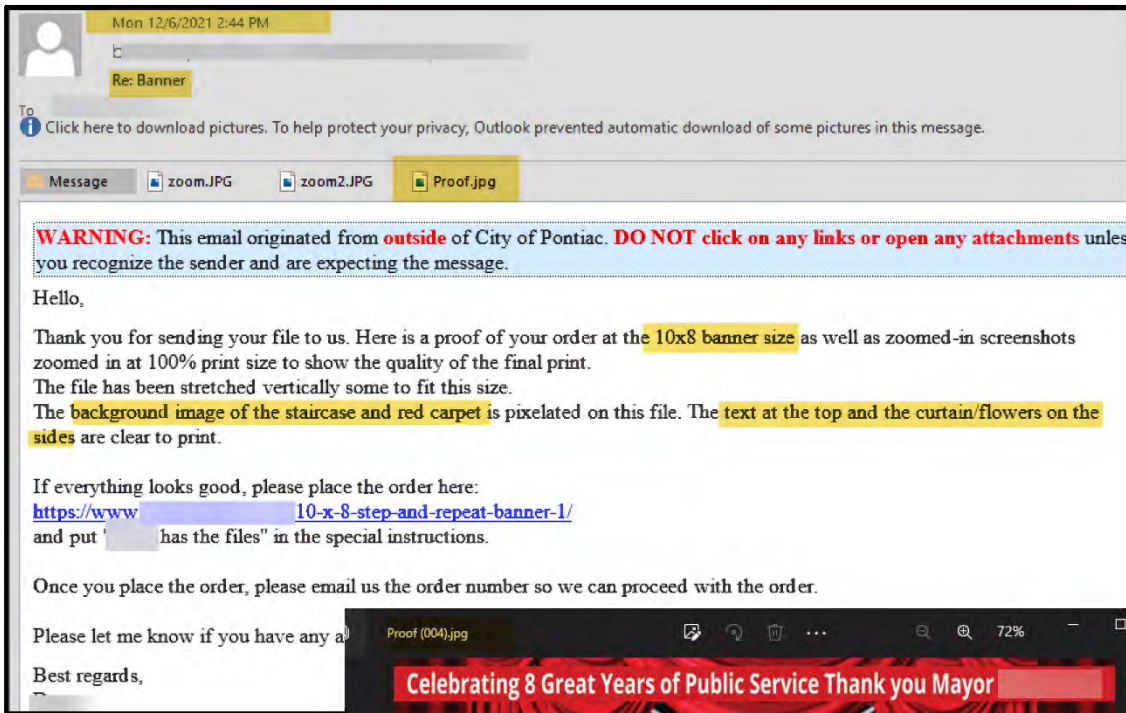
To

Click here to download pictures. To help protect your privacy, Outlook pr

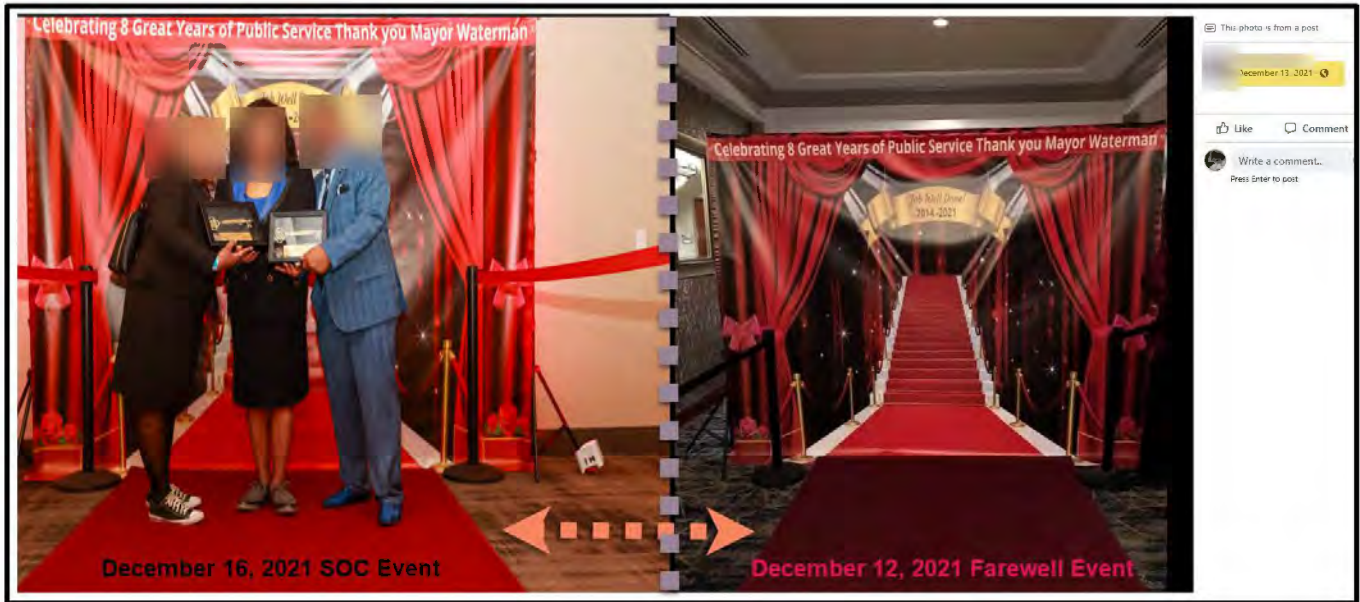
WARNING: This email originated from **outside** of City of P
 and are expecting the message.

Here is the tracking #: 287271494776

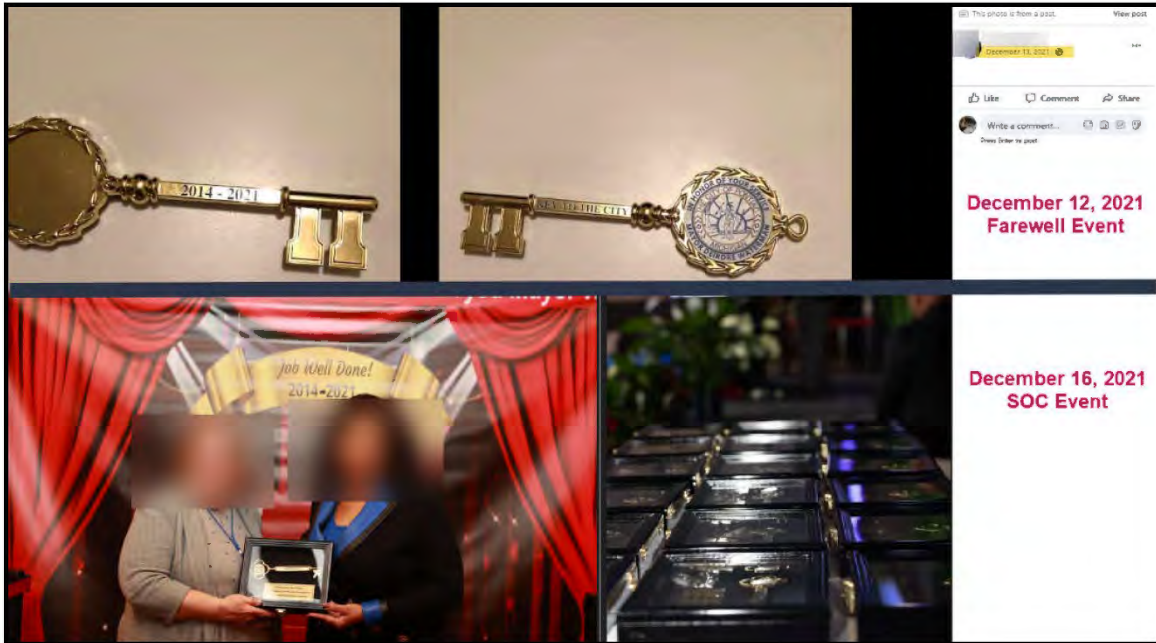




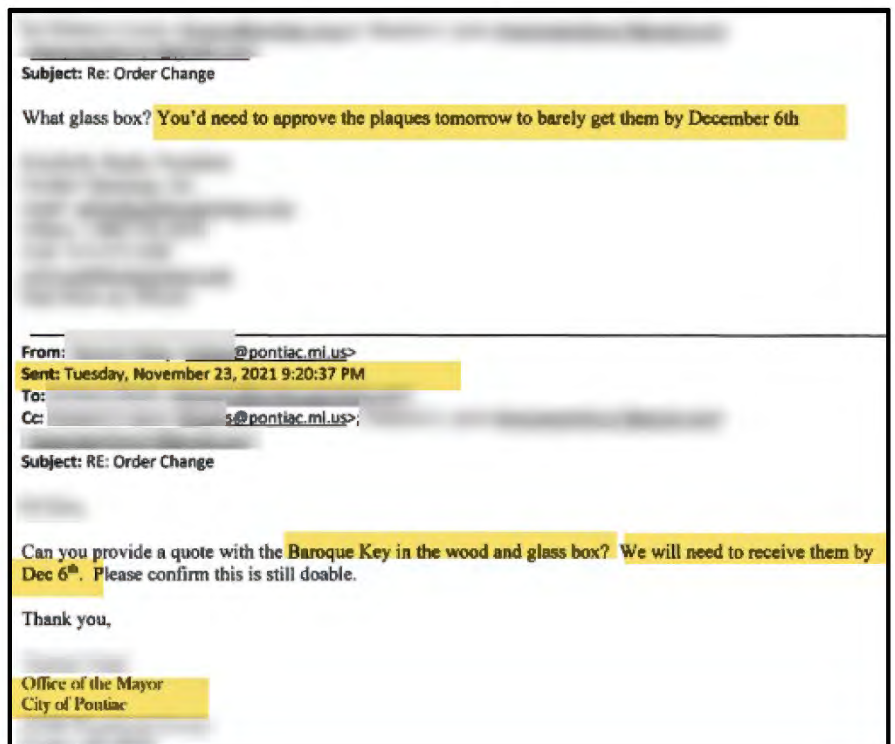
The red carpet leading up to the banner was purchased by the City and it appeared to be used at both functions. It seems seriously improper to use supplies paid for by the City at a fundraising event for the Foundation where the former Mayoral officeholder had a financial interest. The photo on the left was retrieved in an email from the professional photographer about the December SOC to the former Mayoral officeholder. The photo on the right was retrieved from a social media post made by an attendee at the Farewell Celebration.



The Keys to the City awards were awarded at both events. The City purchased \$5,744.40 in Keys and according to the Foundation’s Financial Report there was no amounts for awards at the Farewell Celebration. The two top photos were retrieved from a social media post made by an attendee at the Farewell Celebration. The two lower photos were retrieved in an email from the professional photographer about the December SOC to the former Mayoral officeholder.



The email dated November 23, 2021 showed the former Executive Office staff communicated to a vendor placing an order for the Keys to the City awards, stating the City “will need to receive them by Dec 6th”. The due date provided was six days before the Farewell Celebration.



The Farewell Celebration flyer was distributed by the Executive Aide using the official City's email with sponsorship amounts solicited for the Foundation. A City Attorney (Vendor #13036) received an email from the Executive Aide about the amount requested for the former Mayoral officeholder's Farewell Celebration event. According to the Executive Aide, the amount requested for the Farewell Celebration was "not doable." The Executive Aide appeared to pressure a City Attorney by saying "I am still hoping that you or your firm would acknowledge that Mayor [former] has been loyal to your firm during [former Mayoral officeholder] tenure and I would like to say that whatever you can give would be greatly appreciated." The Executive Aide stated the checks must be written out to the Foundation. At least one other contractor (Vendor #10004457) was confirmed to have donated to the Foundation on December 1, 2021 for \$750.

From: [REDACTED]
Sent: Friday, December 3, 2021 3:16 PM
To: [REDACTED]
Subject: Mayor's Farewell Celebration


Hello [REDACTED],

Hope this email finds you in good spirits. In speaking with you recently you indicated that the amount requested for Mayor [REDACTED] farewell celebration was not doable and this is understood. I am still hoping that you or your firm would acknowledge that Mayor [REDACTED] has been loyal to your firm during her tenure and I would like to say that whatever you can give would be greatly appreciated. Checks must be written out to the "[REDACTED] Foundation"

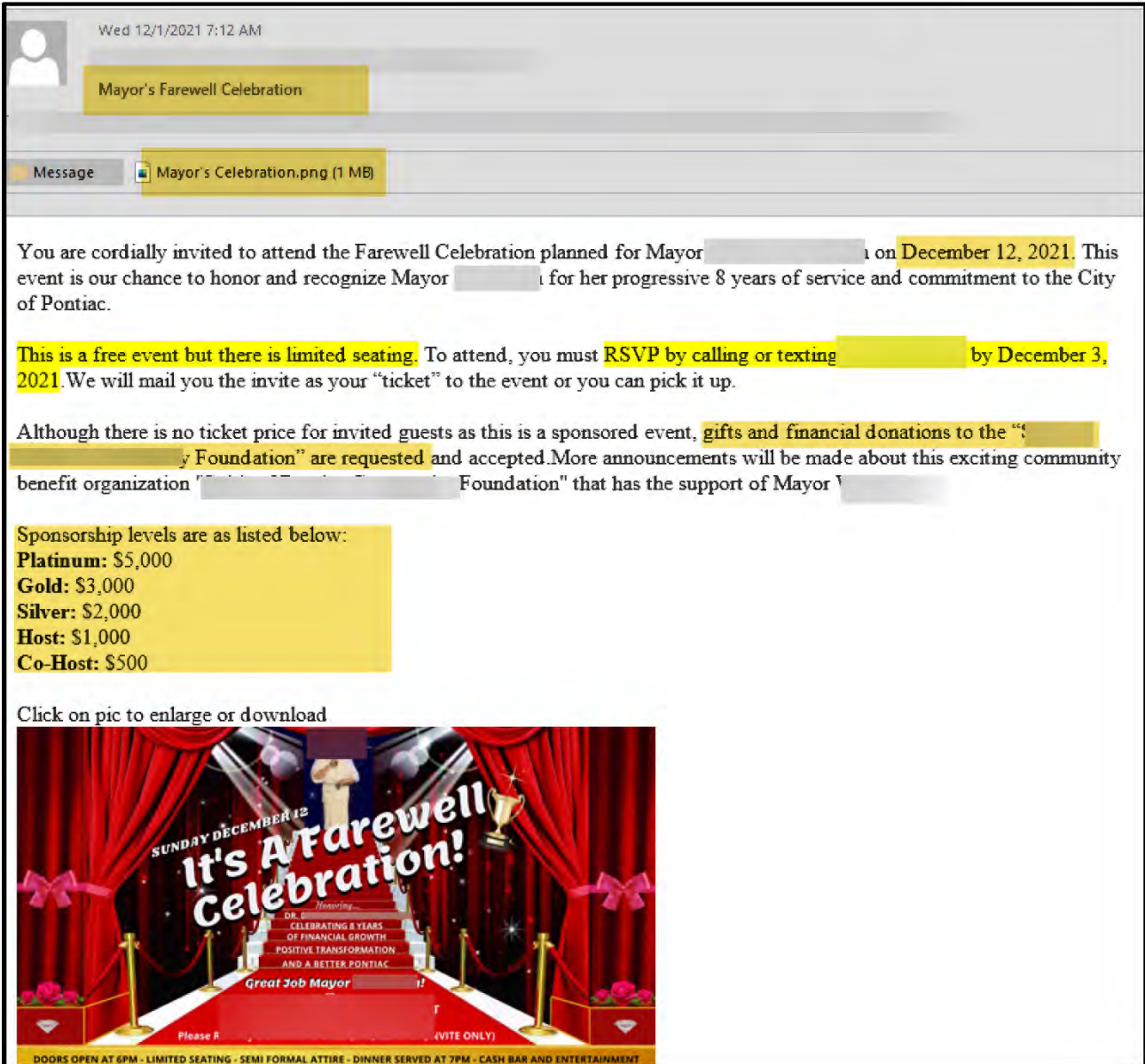
If you have any questions please feel free to call me. [REDACTED]

Thank you [REDACTED] so very much...

Click on image to enlarge or download



The invitation email sent from Executive Aide to invitees



The Farewell Celebration’s Master of Ceremonies was the President of the Foundation. The President had previously solicited the City for a grant through the Pontiac Initiative³. The Foundation (Vendor #10000037) did not apply for the grant following the normal submission process and was given special treatment by the former Mayoral officeholder. The former Mayoral officeholder approved a \$2,500 check to the Foundation, and had procured a financial benefit to the Foundation where they were a Director. This appeared seriously improper as the former Mayoral officeholder converted public money in their control that they were in charge of by the virtue of their duties as an Executive Officer of the City. This seemed to be a potential violation of the law.

May 8, 2020

The Pontiac Initiative applications for a grant were due by midnight through an online intake form.

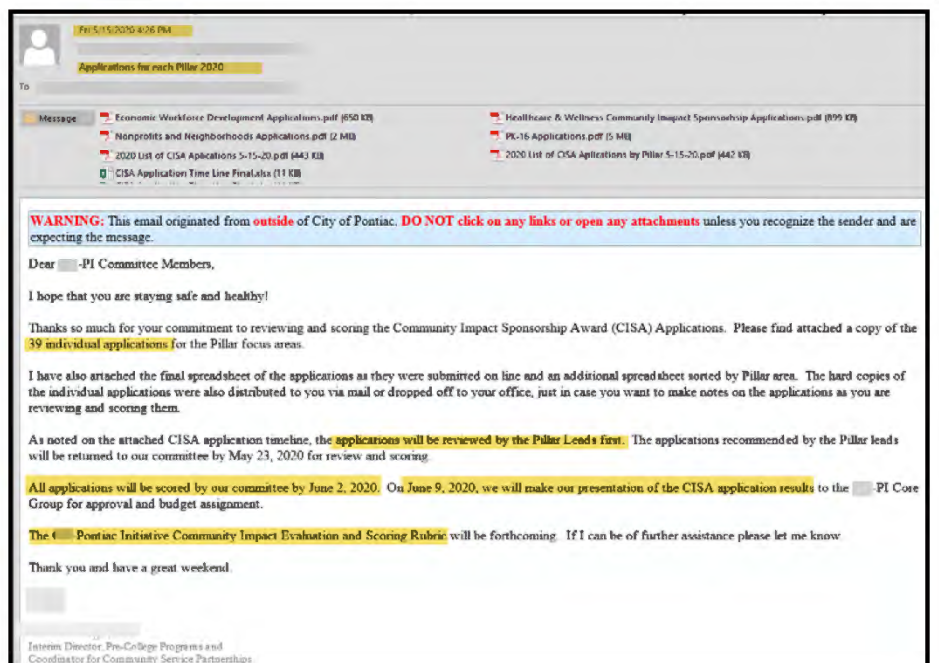
Eligibility & Guidelines:

Applicants must meet the following additional criteria:

- * Must be an established non-profit or business entity (LLC, Corporation, etc.) (OU Student organizations are eligible to apply for seed funding)
- * All non-profit agencies must provide the proper documentations and/or certificate to verify IRS compliance
- * Must be able to demonstrate prior involvement in one or more of the 6 Pillar areas
- * Organizations that are able to secure “matching” funds from an external source will be given preference
- * Participants must submit the following application form for consideration by May 8th 2020
- * All projects must include estimated completion timeline within twelve months
- * Award requests will be considered between \$500 and a maximum of \$5,000
- * Must comply with Oakland University funding guidelines and/or city procurement policies
- * Must agree to full transparency and integrity of use of funds
- * Awardees must agree to terms and conditions outlined within agreement for performance

May 15, 2020

The Pontiac Initiative “Pillar Leaders” reviewed the grant applications and participated in the endorsement of the organizations. The Foundation was not included on the list of those organizations that applied.



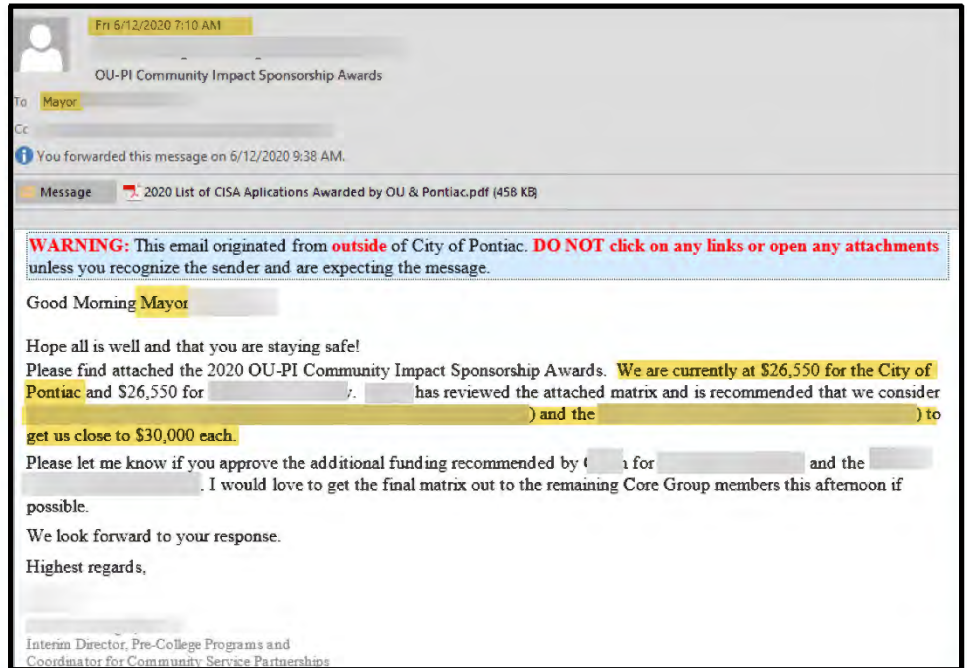
³ <https://oakland.edu/community/pontiac-initiative/>



June 12, 2020

There was a compiled list of the organizations with the preliminary grant approval.

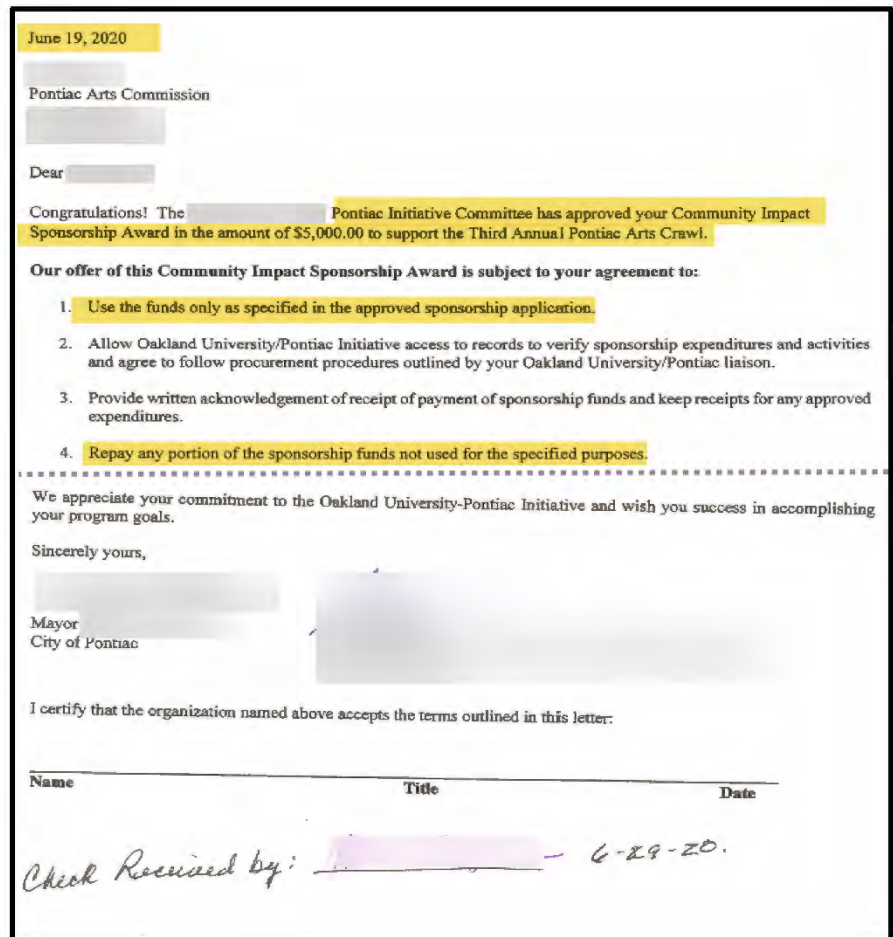
The Foundation was not an organization on the list, as they did not apply.



June 2020

Grant offer letters were sent to the approved organizations.

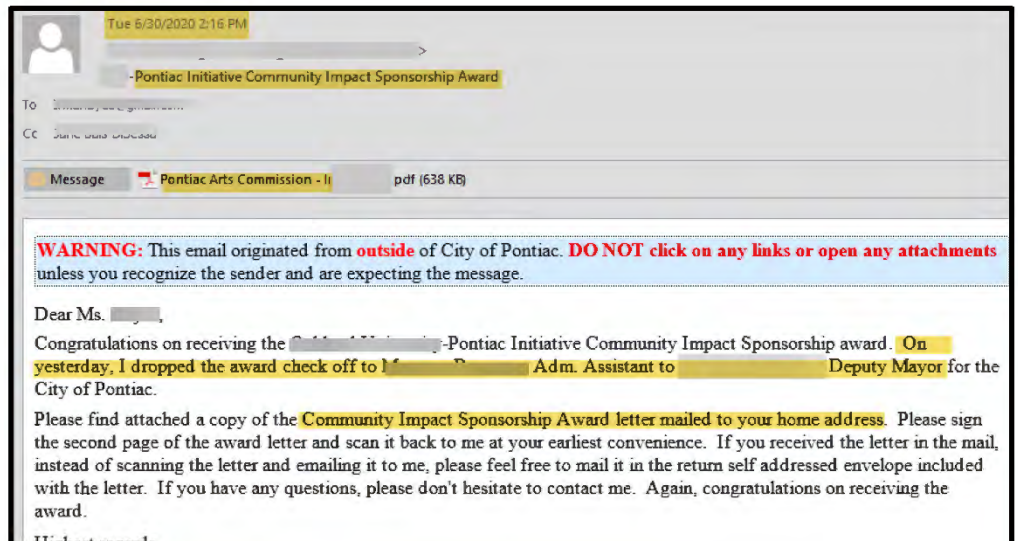
June 19, 2019 was the date on the award letter to the Pontiac Arts Commission



June 29, 2020

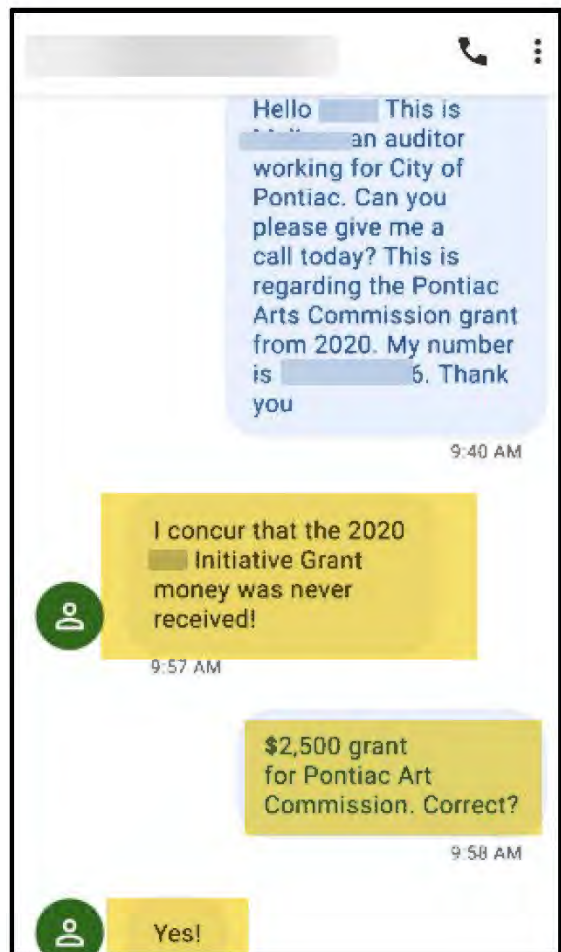
In an email on June 30, 2020, the Pontiac Initiative partner delivered their portion (\$2,500) of the grant award to the City on June 29, 2020.

This check was "Received by" an Executive Office staffer on June 29, 2020.



Check Received by: [Redacted] - 6-29-20.

In a follow up conversation with the Pontiac Art Commission on July 28, 2022 it was confirmed the organization never received the grant award check.

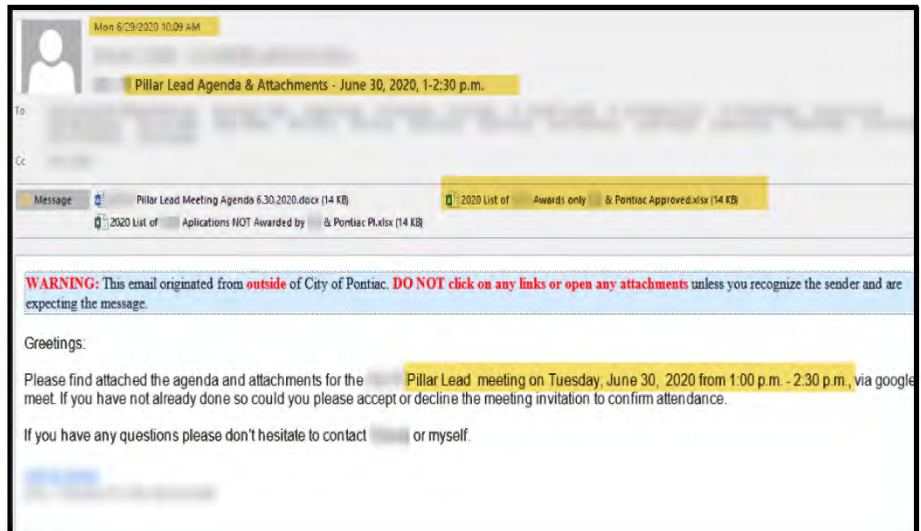


June 29, 2020

The Pillar Lead meeting materials included the 2020 list of Pontiac approved awards which were emailed to the Executive Aide and the Foundation President.

The Foundation was not an organization on the approved list, as they did not apply.

The Pontiac Arts Commission was awarded \$2,500 from the partner organizer.

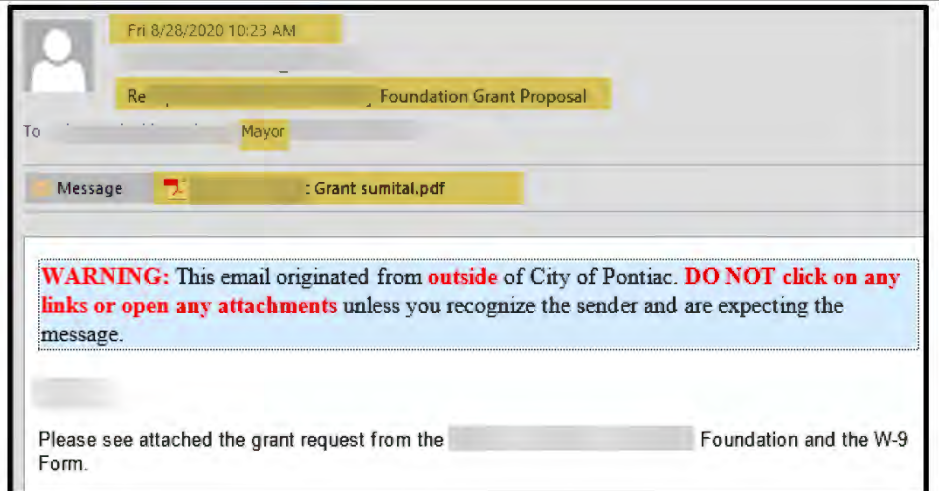


App. No.	Average Score	Primary Pillar Impacted	Award Amount	Pontiac		Organization	Administrative Contact	Core Group Comments
2	96		\$5,000	\$2,500	\$2,500			Approved
3	97		\$3,700	\$1,850	\$1,850			Approved
12	88		\$5,000	\$2,500	\$2,500			Approved
13	92		\$5,000	\$2,500	\$2,500			Approved
21	91		\$5,000	\$2,500	\$2,500			Approved
23	76		\$5,000	\$2,500	\$2,500			Approved
26	90		\$5,000	\$2,500	\$2,500			Approved
29	88		\$4,400	\$2,200	\$2,200			Approved
31	80		\$5,000	\$2,500	\$2,500			Approved
32	98		\$5,000	\$2,500	\$2,500			Approved
33	97	Arts and Culture	\$5,000	\$2,500	\$2,500	Pontiac Arts Commission		Approved
5	79		\$5,000	\$2,500	\$2,500			Approved
38	67		\$1,900	\$950	\$950			Approved
TOTAL			\$60,000	\$30,000	\$30,000			



August 28, 2020 - Friday

The Foundation President emailed the former Mayoral officeholder with a “Grant sumital”(sic) letter and an IRS W9 form.



This submission was concerning as:

- Past the grant application deadline of May 8, 2020
- Submission was not assigned an “App. No.” (Application Number) by the Pontiac Initiative, as the Foundation never submitted an application properly
 - Submission was directly to the Executive Office and *not* submitted through the normal online intake form
 - Pillar Leader endorsement and approval process seemed to be circumvented. Pillar leaders participated in the other evaluation and endorsement of organizations and applications for grant funding
- Submission did not meet instruction requirements for the grant that other organizations were required to fulfill
- Submission received after the 13 legitimate grant awardees were notified of approval




August 31, 2020 – Monday

The next business day, the former Mayoral officeholder approved the Foundation’s grant.

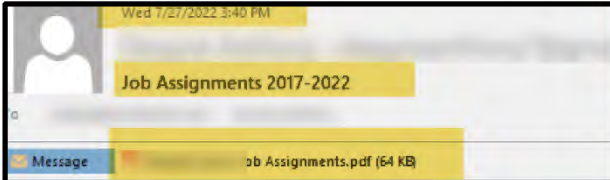
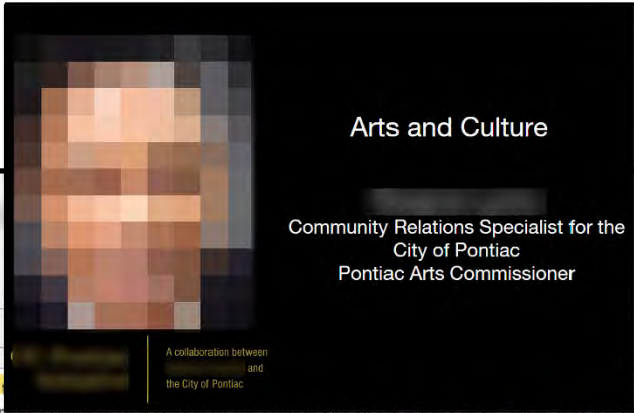
- The former Mayoral officeholder approved the \$2,500 check #528300 payable to the Foundation where they are a Director
- There were 12 legitimate organizations that had checks issued by the City
- There was one organization *not issued* a check on August 31, 2020 which was the Pontiac Arts Commission (App. No. 33)
 - The Executive Aide was a commissioner at the Pontiac Arts Commission and was a “Pillar Leader” for the City sponsored Pontiac Initiative grant program
 - It appeared the Foundation received \$2,500 of the grant funds rightfully awarded to the Pontiac Arts Commission



 CITY OF PONTIAC 47450 Woodward Ave Pontiac, MI 48342-5009		Togetheress Brings Change	PNC Bank, N.A. 076 Ohio 6 - 12 / 410	528300												
		Check Date: 08/31/20	Check Amount: 2,500.00													
PAY ***Two Thousand Five Hundred and NO/100 Dollars*****																
TO THE ORDER OF [redacted] Fndn																
AUTHORIZED SIGNATURE This Check Void After 90 Days City of Pontiac - Accounts Payable																
<table border="1"> <thead> <tr> <th colspan="2">INVOICE</th> <th>DESCRIPTION</th> <th>AMOUNT</th> </tr> <tr> <th>NUMBER</th> <th>DATE</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>6-19-20</td> <td>08/01/2020</td> <td>/Pontiac Community Initiatives</td> <td>2,500.00</td> </tr> </tbody> </table>					INVOICE		DESCRIPTION	AMOUNT	NUMBER	DATE			6-19-20	08/01/2020	/Pontiac Community Initiatives	2,500.00
INVOICE		DESCRIPTION	AMOUNT													
NUMBER	DATE															
6-19-20	08/01/2020	/Pontiac Community Initiatives	2,500.00													



Executive Aide self-described roles and responsibilities at the City provided on July 27, 2022



In your email of 6/29, you requested to learn about my responsibilities and descriptions but I took the time to complete the attached outline which will give you a more complete description of the complexity of each job I held. There was a relatively small executive staff but we were hard-working, dedicated and co-operative in our work approach. I don't know what the forensic audit is about, but I am witness to the standards of excellence, service and productivity that Mayor set the example for and expected from her staff. I was proud to be working with a staff of this caliber and was given many responsibilities. Each time I moved to a new position, I still maintained some of the duties of my old position e.g. Director of the Senior Centers - because there was no one else who had the capacity to add that on to their workload. My responsibilities required working in the community and between different facilities. I also worked weekends and after normal business hours as the tasks required.

I served as the executive office outreach person. As a sort of Ombudsman, many citizens felt comfortable using me as their point of contact with the city and the even after work and weekends. My IT skills were also useful in helping other staff with computer problems so they didn't have to wait to be serviced by the IT Dept. Because we had a small staff, we had the collective approach to large projects. Working remotely during the pandemic and the Covid-19 health problems that a number of our staff faced were also factors that added to each of our workloads. Also let me say that I am proud of Mayor's hard work that brought such great achievements to the city. I was honored and inspired to be part of her administration which was the feeling of the rest of the executive staff. The proof of the city's progress were the surplus and the many commendations and recognitions that the Mayor received for her outstanding leadership.

I will make this statement on the record of what I witnessed during my tenure at the city 2017-2021. performed her duties as very efficiently with ethical intent and integrity, working extremely hard and I would say "over the top" to do the best job possible for Pontiac. I can honestly say that Mayor has never intentionally misappropriated any city funds as well as myself that I am aware of. did a stellar job of bringing Pontiac out of receivership which has seemingly been soon forgotten and unappreciated by some. I am proud of's hardwork and great achievements for the city of Pontiac and was very honored to be a part of her administration. I would hope that your audit adds to the successful 8 year term history of Pontiac's 1st woman, 1st black woman and 1st. 2nd term Mayor and I would also note that's administration received two awards coming from a major deficit during my time of employment and I applaud Mayor Waterman for her outstanding leadership and pray that she is in good standing after your audit. This is no ill reflection on your firm, I understand that you are just doing what you were hired to do.

I have included my duties during my tenure 2017-2022 which will detail my responsibilities for Mayor's administration.

Sincerely,

DUTIES DURING MY TENURE IN MAYOR'S ADMINISTRATION 2017-2022

07/2019 - 10/2021 Executive Aide; (Pontiac, MI)

I was moved to this position when it was vacated by when she requested a move to Executive Secretary. As the Mayor's Executive Aide there were many duties to perform while assisting the Mayor with day-to-day operations and the functionality of the executive office. Entrusted as the Mayor's liaison to the community, the scope of my duties were vast because of our limited staffing. My responsibilities included community updates and reports, various meetings and strategic planning, event planning, management of social media platforms, graphic art, videos, slideshows and power point presentations etc. Creating 90 percent of the flyer's, newsletters for the office, including posters, programs, invites, postcards and large banners for events. My duties also included IT support and transportation etc.

Boards and Commissions

04 / 2016 to 01 / 2022: Arts Commissioner (Pontiac)
 07 / 2017 to 01 / 2022: Pontiac Initiative

Honors and Awards

2021-Leadership Award

Presented by: for my dedication, commitment and leadership as an Arts Pillar and my continued service to the City of Pontiac, MI.

2021-Key to the City of Pontiac, MI

Presented by: Mayor for excellent service and dedication to the City of Pontiac MI.



September 22, 2020

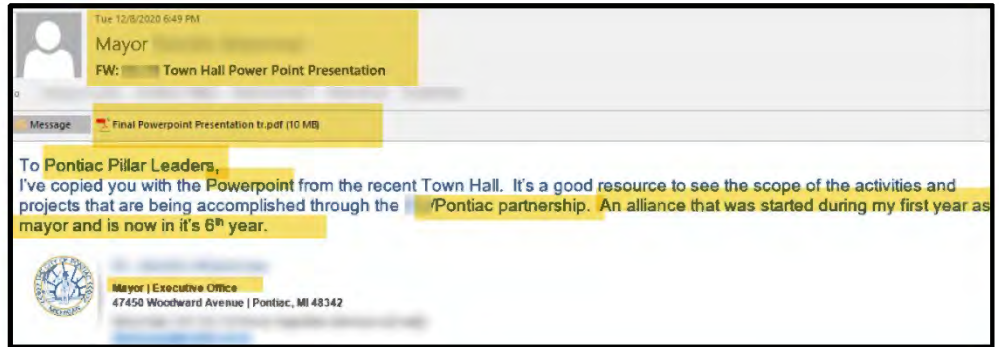
Pillar Lead meeting minutes reflected the “foundation will be funded” for a community impact award. The Foundation was approved retroactively after the check was already issued by the City and had not followed the normal grant submission process.

[REDACTED] / Pontiac Initiative Name of Meeting: Core Group & Pillar Lead Meeting MINUTES		
Date: September 22, 2020		Time: 1:00 p.m. - 3:00 p.m.
Place: Google Meet		
Members Present: All mentioned in Introduction section of Agenda		
AGENDA ITEM	DISCUSSION/ACTION ITEMS	FOLLOW UP (WHAT AND WHO)
A. Introductions / Welcome		
Vendor #10000037 City Employee	[REDACTED] , City of Pontiac [REDACTED] , City of Pontiac	
City Employee	[REDACTED] , City of Pontiac	
Mayor of Pontiac	Mayor I [REDACTED] , City of Pontiac	
B. Remarks / Mayor		
	I would like to say that this Initiative has brought so much value. In addition to that there are other aspects that have broadened this partnership from the beginning and found other ways to take us to another level.	
<hr style="border-top: 1px dashed gray;"/>		
G. Community Impact Sponsorship Awards		
	<ul style="list-style-type: none"> • Status of City of Pontiac Check Distribution: Mayor [REDACTED] • Nonprofit & Neighborhoods Awards for consideration: <ul style="list-style-type: none"> ◆ [REDACTED] ◆ [REDACTED] 	<ul style="list-style-type: none"> ◆ Mayor [REDACTED] met yesterday regarding check distribution. ◆ The two organizations listed will be funded for \$2500.00 each and also the [REDACTED] Foundation will be funded.
Meeting Adjourned		
	There being no further business, the meeting adjourned.	



December 2020

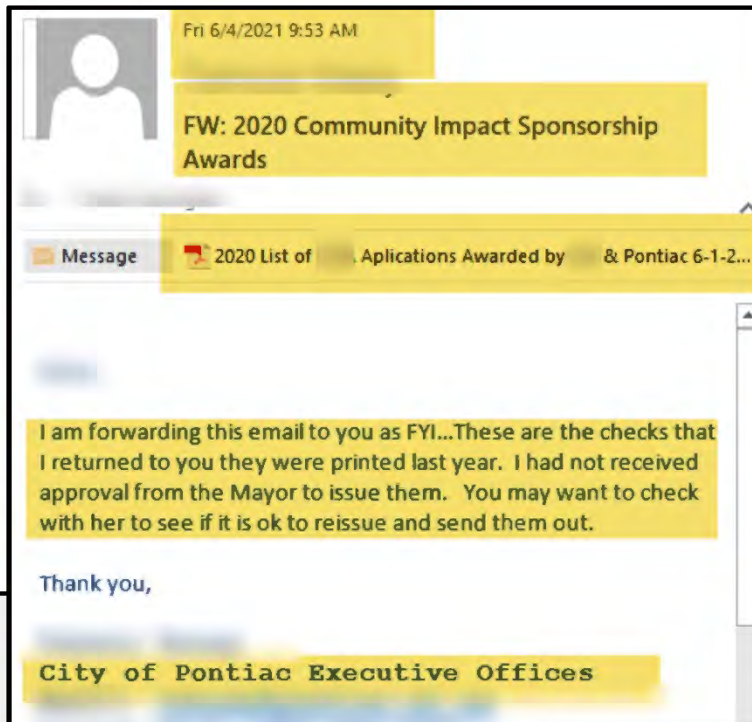
The Pontiac Initiative held a town hall meeting. In the presentation it showed the Foundation and the Pontiac Arts Commission were separate grant recipients.



June 4, 2021

The former Mayoral officeholder received an email with the “attached 2020 Community Impact Sponsorship Awards matrix” that showed the Foundation should have received \$5,000. The matrix had 16 organizations, more than the original 13 that were approved by the Pillar Leaders.

An Executive Office staffer forwarded an email to the Finance Director “you may want to check with [former Mayoral officeholder] to see if it is ok to reissue and send [outstanding grant checks] out.”



The attachment contained in the June 25, 2021 email

Pontiac Initiative		2020 Community Impact Sponsorship Awards			Organization	Administrative Contact
App. No.	Primary Pillar Impacted	Award Amount	Pontiac			
2		\$5,000	\$2,500	\$2,500		
3		\$3,700	\$1,850	\$1,850		
4		\$2,500		\$2,500		
5		\$5,000	\$2,500	\$2,500		
12		\$5,000	\$2,500	\$2,500		
13		\$5,000	\$2,500	\$2,500		
21		\$5,000	\$2,500	\$2,500		
23		\$5,000		\$5,000		
26		\$5,000	\$2,500	\$2,500		
29		\$4,400	\$2,200	\$2,200		
31		\$5,000	\$2,500	\$2,500		
32		\$5,000		\$2,500		
33		\$5,000	\$2,500	\$2,500		
34		\$2,500		\$2,500		
38		\$1,900	\$950	\$950		
Non-Profits & Neighborhoods			\$5,000		Foundation	
TOTAL		\$65,000	\$30,000	\$37,500		

Vendor # 10000037

June 25, 2021

The Finance Department issued a replacement check #530559 for \$2,500 to the Foundation.

The original check issued on August 31, 2020 was voided.

Date	Check #	Check \$	Vendor Name	Vendor #	Description	Invoice #
8/31/2020	528300	\$ 2,500.00		Foundation 10000037	Pontiac Community Initiatives	6-19-20
6/25/2021	530559	\$ 2,500.00		Foundation 10000037	Pontiac Community Initiatives	6-19-20



June 26, 2021

Vendor Activity Report created by the Finance Department showed the voided check and the total of \$2,500 had been paid by the City from the General Fund (101-171)

Vendor Code Post Date	Vendor Name Activity	Inv/Check #	Description	Invoice Amt	Check Amt
10000037			Community Fndn		
08/31/2020	INVOICE	6-18-20	/Pontiac Community Initiatives	2,500.00	
08/31/2020	CHECK	CONS 528300	VOID (Orig Amt \$2,500.00)		2,500.00
06/25/2021	CHECK	CONS 530559			2,500.00
Total:				2,500.00	2,500.00
Net of 1 Invoices / 2 Checks					
al 1 invoice and 2 checks for 1 vendor:				2,500.00	2,500.00

Year 2020 Observation

It appeared as early as April 2020 the former Mayoral officeholder commingled City business with Foundation business and was having “office staff doing logistics by phone” for Foundation activities.

Mon 4/20/2020 8:30 AM

New Bank Account at [redacted]

To: [redacted]; Mayor

Cc: [redacted]

You replied to this message on 4/20/2020 6:37 PM.

Dear [redacted]

So nice speaking with you this morning. As discussed Mayor [redacted] would like to expand city efforts to support "essential workers" related to the Coronavirus. I have attached below the text message she sent me last night regarding this issue. Her request requires establishment of a community fund and a bank account to conduct its financial affairs.

In regards to the community fund, the [redacted] n decided back in early December to establish a [redacted] Foundation to help support the various initiatives the Partnership is conducting. I was asked to draft and submit the 501 (c)3 application and related Articles of Incorporation with the State. Where as, the Articles of Incorporation and By-Laws have been approved, the determination from IRS takes about 190 days from the submission date. As such, we expected approval by the end of April. A follow-up call to IRS last week disclosed the Auditing agent viewing our application has signed off and has forwarded it to his final approval supervisor. However, with the State approval and an Employer Identification Number (EIN) we can move forward in the set-up process to achieve the Mayor's request.

In regards to Banking she recommended opening an account with [redacted] our current partner in the [redacted] initiatives. I can't think of a better idea or bank to work with. As such, I need your help in working with one of your branches to submit the account application. Further, we would like for [redacted] consider an assignment on the Board of the [redacted] Foundation. Currently the incorporators are Mayor [redacted] Vice-President of Student Affairs & Diversity Initiatives at [redacted] of [redacted] and myself. We are ready to start finalizing the additional Board members. I am hopeful we can complete the bank account application process with you this week if possible. The "essential workers" are in need and she wants to help them now.

Co-Chairman [redacted]

Request from Mayor [redacted] (4/18/20)

Hi [redacted],

Good to hear your voice on conference call the other day. So many people, groups have been stepping in during crisis - it's heartwarming. Channel 4 filmed a segment featuring [redacted] Program Director of [redacted] delivering 500 meals to essential workers at 2 hospitals. With partnership I have with her for seniors, she's now supplied over 10,000 meals. Great story. Other donors have stepped up to follow suit & I've directed them to work directly with restaurants in city who are vacant & need support. They're glad for the orders.

I'm thinking this would be a good opportunity for our [redacted] Foundation" to launch. That way we could collect money from donors, who don't want to be bothered with details, and pay restaurants through the fund. Let me know what you think. I have my office staff doing logistics by phone so the new Foundation would just have to manage bank account & payout's to restaurants or non-profits.

Mayor [redacted]



July 29, 2022 – Follow up

Inquired with the Pontiac Initiative partner regarding the grant check issued on June 26, 2020. Evidence provided showed the Treasurer’s Office required a replacement check, and check #U2127996 was issued on October 8, 2021 payable to Treasurer City of Pontiac. This check was deposited by the City on October 13, 2021 to the COP Consolidated Cash account #6047.

The City has not yet disbursed the \$2,500 received from the Pontiac Initiative partner to the Pontiac Arts Commission.

9/20/2021

*Please reissue
10/1/21*

Treasurer City Of Pontiac
47450 Woodward Ave
Pontiac, MI 48342

In reviewing our files it has come to our attention that on 6/26/2020, check # U2111877 in the amount of \$2,500.00 was issued by [redacted] payable to you for Pontiac Initiative Community Impact Award 2020. This check became void after 90 days and is no longer negotiable.

Please indicate the disposition of the check on the bottom of this form, **sign**, and return it to me within **10** business days.

I did not receive the above check. Please issue a replacement check***.

I received the above check, but it has been lost or destroyed. Please reissue ***.

I cashed the above check. Provide date cashed, if known: / /

Other, please explain: _____

Please sign here: _____

Please print name: _____

Phone number: _____

Custom Previous Day Summary and Detail Report - October 2021

Date Range: October 01, 2021 to October 31, 2021 11/01/2021 11:43:28 AM

041000124 USD

COP - consolidated cash 56047 As of Date: October 13, 2021

Deposits					
Detail Deposits	Amount	Reference Number	0-Day Float	1-Day Float	2+Day Float
		Reference Detail			
	\$9,254.54	0000000001	\$100.54	\$9,154.00	\$0.00
		REMOTE CAPTURE 1 071459402			
	\$9,254.54	Detail Deposits Total	\$100.54	\$9,154.00	\$0.00
	\$9,254.54	Deposits Total			
	\$12,188.24	Credit Transactions Total			

Report run on: 10/13/2021 04:17 PM EDT Report run by: [redacted]


Selected start date & time: 10/13/2021 12:00 AM EDT Selected end date & time: 10/13/2021 11:59 PM EDT

Location: All Deposits Created by: All

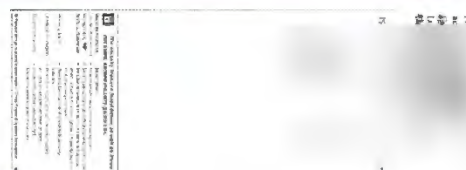
Account Number: All Deposit Status: All

Details of Deposits by Account - CITY OF PONTIAC - Commercial

Account Name/Number: CITY OF PONTIAC 6047	Number of Deposits: 1
null USD	Total of Deposits Submitted: 9,254.54
	Total Number of Items: 16



Front Item Number 0000009



Back



Version 6/30/2020 approved grant (13)							Version of 2020 grants approved (16) from 6/11						
App. No.	Average Score	Primary Pillar Impacted	Award Amount	Pontiac		Organization	Core Group Comments	App. No.	Primary Pillar Impacted	Award Amount	Pontiac		Organization
2	96		\$5,000	\$2,500	\$2,500		Approved	2		\$5,000	\$2,500	\$2,500	
3	97		\$3,700	\$1,850	\$1,850		Approved	3		\$3,700	\$1,850	\$1,850	
12	88		\$5,000	\$2,500	\$2,500		Approved	4		\$2,500		\$2,500	
13	92		\$5,000	\$2,500	\$2,500		Approved	5		\$5,000	\$2,500	\$2,500	
21	91		\$5,000	\$2,500	\$2,500		Approved	12		\$5,000	\$2,500	\$2,500	
23	76		\$5,000	\$2,500	\$2,500		Approved	13		\$5,000	\$2,500	\$2,500	
26	90		\$5,000	\$2,500	\$2,500		Approved	21		\$5,000	\$2,500	\$2,500	
29	88		\$4,400	\$2,200	\$2,200		Approved	23		\$5,000		\$5,000	
31	80		\$5,000	\$2,500	\$2,500		Approved	26		\$5,000	\$2,500	\$2,500	
32	98		\$5,000	\$2,500	\$2,500		Approved	29		\$4,400	\$2,200	\$2,200	
33	97	Arts and Culture	\$5,000	\$2,500	\$2,500	Pontiac Arts Commission	Approved	31		\$5,000	\$2,500	\$2,500	
5	79		\$5,000	\$2,500	\$2,500		Approved	32		\$5,000		\$2,500	
38	67		\$1,900	\$950	\$950		Approved	33	Arts and Culture	\$5,000	\$2,500	\$2,500	Pontiac Arts Commission
		TOTAL	\$60,000	\$30,000	\$30,000			34	Nonprofits and Neighborhoods	\$2,500		\$2,500	
										\$1,900	\$950	\$950	
									Non-Profits & Neighborhoods		\$5,000		
									TOTAL	\$65,000	\$30,000	\$37,500	
													Foundation
													Vendor # 10000037

Not an Applicant



Pontiac Initiative
2020 Community Impact Sponsorship Awards

App. #	Applicant Score	Primary Pillar Impacted	Award Amount	Penalties	Organization	Administrative Contact	Core Group Comments
1	2	96	\$5,000	\$2,500			20-01222 Approved
2	3	97	\$3,700	\$1,850			20-01112 REQ Approved
3	12	88	\$5,000	\$2,500			20-01223 Req Approved
4	13	92	\$5,000	\$2,500			20-01113 REQ Approved
5	21	91	\$5,000	\$2,500			20-01228 REQ Approved
6	23	76	\$5,000	\$2,500			20-01229 REQ Approved
7	26	90	\$5,000	\$2,500			20-0115 Approved
8	29	88	\$4,400	\$2,200			20-01230 REQ Approved
9	31	80	\$5,000	\$2,500			20-01231 REQ Approved
10	32	98	\$5,000	\$2,500			20-01114 Approved
11	33	97	\$2,500	\$1,250	Pontiac Arts Commission		20-01232 Approved
12	3	79	\$5,000	\$2,500			20-01116 Approved
13	38	67	\$1,900	\$950			20-01116 Approved
TOTAL			\$60,000	\$30,000			

- * Pontiac Arts Commission (App. No. 33) was awarded \$2,500 from Pontiac (\$5,000 total award)
- * All other grants have a "REQ" with red and blue check-marks, except Pontiac Arts Commission
- * In the City's Check Proof packet for 9/1/2020 is the Foundation solicitation with Req. #20-01289
- * The Foundation accepted the grant/ City check the Pontiac Arts Commission was awarded

Ven # 1000037
GL# 101-171-201-171
Req # 20-01289

TO: /Pontiac Initiative August 1, 2020
FROM:

Dear Sir:
The Foundation is seeking funding support regarding your Community Impact Sponsorship Awards in the amount of \$9000. This amount of the contribution to be shared equally among the Partners.

Background:
The purpose for which the Foundation is formed is to engage in Community Initiatives that enhance the quality of life for the citizens of Pontiac Michigan. The Foundation is organized exclusively for educational, charitable, literary, non-political civic engagement, arts and culture, not for profit capacity building, workforce preparedness, and health and wellness improvements. It is a 501 (c) (3) organization formed to receive and disburse funds, property, and gifts of any kind, directly or indirectly exclusively for the benefit of the City of Pontiac citizens. Our activities may include fundraising and acceptance of gifts, donations & contributions which will be used by the Foundation to benefit the citizens of Pontiac and surrounding areas. This is not be a Fee based organization to the citizens.

Proposed Intent:
In addition to supporting the works of the grantees selected to receive this years Community Impact sponsorship Awards, we wish to significantly enhance the support of neighborhood CDC's to help them re-organize after being in hiatus due to COVID-19 and to potentially develop a neighborhood watch program. We know that security is a predominant thought in the minds of many Pontiac citizens, and the funding will be used to work toward reducing the anxiety they face.

Thank you for your consideration and I can be reached with the information provided below if there are additional questions.

Spirit of Pontiac Community Foundation



Michigan Corporations Online Filing System revealed the former Mayoral officeholder is a Director at the Foundation and at the Michigan Municipal League.

Business Entity Results					
[REDACTED]	DIRECTOR	[REDACTED]	FOUNDATION	802366983	Vendor #10000037
[REDACTED]	DIRECTOR	[REDACTED]	THE MICHIGAN MUNICIPAL LEAGUE	800851713 788368	Vendor #2044

LARA Corporations Online Filing System
 Department of Licensing and Regulatory Affairs

ID Number: 802366983 [Request certificate](#) [Return to Results](#) [New search](#)

Summary for: [REDACTED] FOUNDATION

The name of the DOMESTIC NONPROFIT CORPORATION: [REDACTED] FOUNDATION

Entity type: DOMESTIC NONPROFIT CORPORATION

Identification Number: 802366983

Date of Incorporation in Michigan: 09/24/2019

Purpose: Other

Term: Perpetual

Most Recent Annual Report: 2021 Most Recent Annual Report with Officers & Directors: 2021

The Officers and Directors of the Corporation:

Title	Name	Address
PRESIDENT	[REDACTED]	[REDACTED]
TREASURER	[REDACTED]	[REDACTED]
SECRETARY	[REDACTED]	[REDACTED]
DIRECTOR	[REDACTED]	[REDACTED]
DIRECTOR	[REDACTED]	[REDACTED]
DIRECTOR	[REDACTED]	[REDACTED]



Careless spending and incurring of unnecessary expenses

Purchases that were charged on City credit card accounts were reviewed from fiscal years 2019 to 2022 that identified instances of non-prudent and personal spending. The City credit cards were issued to the former Mayoral officeholder and Executive staff. In total, there were \$60,690.78 in concerning purchases. The credit card charges were recorded in the financial system by the type of purchase and into the respective financial system fund.

Examples of credit card spending that was concerning included:

- Purchases that appeared to be more of a personal nature. These included:
 - Subscriptions for website services registered using personal email accounts as login IDs and contact methods
 - Items and supplies ordered shipped directly to personal (home/residential) addresses and not shipped to official City addresses⁴
 - A trip to New York by the former Mayoral officeholder, which lacked supporting documentation for work related purposes
- Incurring of unnecessary expenses on travel, such as fees relating to flight changes, agent service, and hotel room no-shows without documented rationale
- Careless spending due to rush fees, like expedited and overnight shipping costs, and late purchases that seemed to cause inflated costs
- Purchases that were not supported by an itemized receipt, receipts entirely missing, or receipts not exactly matching the purchase details

Three examples of concerning purchases are detailed below.

⁴ Did not appear COVID related accommodations



Example 1

During October 2021, the former Mayoral officeholder took a weekend trip to New York City that was charged on the City's credit card. This New York trip was concerning as it appeared to be personal in nature and lacked supporting documentation for work related purposes. The former Mayoral officeholder did not substantiate charges after repeatedly being requested by the Finance Department to provide supporting documentation. Using the City's credit card for personal travel was indicative of misconduct and potentially problematic with violations of the law as public money appeared to be spent for their own personal use. The financial impact to the City was \$1,879.52.

The activity on the former Mayoral officeholder city's credit card showed flights with no receipts for the airline or the booking agency, and the former Mayoral officeholder was the passenger. The credit card statement showed these flights were for a two night weekend getaway. Flights were purchased on October 13, 2021, which was three days before departure on Saturday, October 16, 2021; with a return flight after the weekend on Monday, October 18, 2021.

INDIVIDUAL CARDHOLDER ACTIVITY					
XXXX-XXXX-XXXX 173		CREDITS \$0.00	PURCHASES \$5,116.78	CASH ADV \$0.00	TOTAL ACTIVITY \$5,116.78
Post Date	Trans Date	Reference Number	Transaction Description	Amount	
10-12	10-11	24430981284400819040188	MSFT ^ E0100G1MUL 800-842-7676 WA	5.00	
10-14	10-13	24692101286100835335589	EXPEDIA 72179729581244 EXPEDIA.COM WA	4.05	
10-14	10-13	24692101286100835335551	EXPEDIA 72179729581244 EXPEDIA.COM WA	33.92	
10-15	10-14	24011341286000000640795	CANVA* 103208-35679847 HTTPSCANVA.CO DE	179.28	
10-15	10-13	24943001287344900671017	AMERICAN AIR0017633089458 FORT WORTH TX WATERMAN/DEIRDRE LGA AA G DTW Departure Date 10-13-21	214.40	
10-15	10-13	24717051287872873739547	DELTA AIR 0007653086553 SEATTLE WA WATERMAN/DEIRDRE DTW DL S LGA Departure Date 10-16-21	249.41	
10-18	10-15	24137461289001592152359	USPS PO 2576400343 PONTIAC MI	348.00	
10-20	10-18	24692101292100286169485	THE LANGHAM NEW YORK, NEW YORK NY 095280 ARRIVAL: 10-16-21	1,377.74	
10-21	10-19	24137461293100235331160	MENARDS 3362 BLOOMFIELD HI MI	307.50	
10-21	10-19	24137461293100235330937	MENARDS LIVONIA MI LIVONIA MI	405.00	
10-21	10-20	24399001293295065089319	BEST BUY 0000489 AUBURN HILLS MI	674.88	
10-21	10-19	24137461293100235331018	MENARDS WARREN MI WARREN MI	969.71	
10-22	10-21	24607941293083460797130	CROWN AWARDS IHC 800-227-1557 NY	237.59	
10-25	10-22	24692101285100818726734	SQ *SAMI'S ENGRAVING & GI GOSQ.COM MI	160.20	

The credit card statement had a hotel purchase with an arrival date of October 16, 2021, corresponding to the flight arrival of the former Mayoral officeholder. The hotel receipt reflected that the former Mayoral officeholder's family member was the hotel Guest. The former Mayoral officeholder's name was not on the hotel receipt as a Guest.



NEW YORK, FIFTH AVENUE

GUEST FOLIO

Ms [REDACTED]
 Los Angeles, CA
 United States

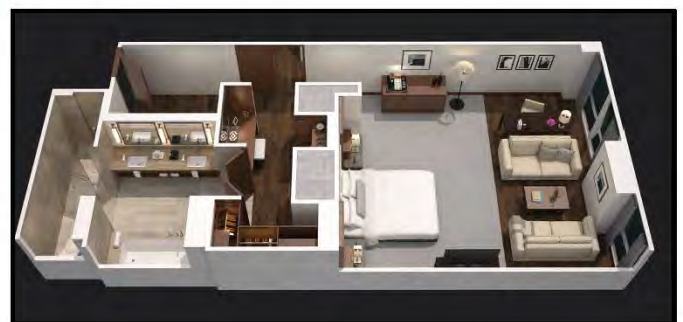
Arrival Date	10.18.21	Cashier	84
Departure Date	10.18.21	Invoice No.	
Room No.	0904	Page No.	1 of 1

Date	Description	Reference	Debit	Credits
10.18.21	Package		1,143.00	
10.18.21	State Sales Tax 8.875%		93.28	
10.18.21	City Occupancy Tax 5.875%		61.75	
10.18.21	Jacob Javits Tax \$1.50		1.50	
10.18.21	Occupancy Tax		2.00	
10.17.21	Package Overage	Room# 0904 : CHECK# 0010488	44.19	
10.17.21	Package		1,076.00	
10.17.21	State Sales Tax 8.875%		91.77	
10.17.21	City Occupancy Tax 5.875%		60.75	
10.17.21	Jacob Javits Tax \$1.50		1.50	
10.17.21	Occupancy Tax		2.00	
10.18.21	Visa	XXXXXXXXXXXX13XXXX		1,200.00
10.18.21	Visa	XXXXXXXXXXXX73XXXX		1,377.74
Total Amount			2,577.74	2,577.74
Balance Due				0.00
Guest Signature				

I agree that my liability for this bill is not waived and agree to be held personally liable in the event that the indicated person, company, or association fails to pay the full amount or any part of these charges within a reasonable period.

```

2 Cover Charge @ 6.00 12.00
1 Croissant 10.00
1 FRUIT PLATE 25.00
1 COFFEE SMALL 14.00
1 English Tea 10.00
1 Milk Glass 10.00
1 ICE BUCKET 0.00
1 TWO EGGS 27.00
    Food 96.00
Cover Charge 12.00
Tip/Other..... 5.00
20% Gratuity 21.60
SALES TAX 9.59
Total Paid..... 144.19
$ Tip 5.00
904/Waterman
Room Charge 144.19
---6047 CLOSED OCT17 12:43PM---
  
```



The hotel receipt showed the total balance due was split between two cards that were charged for payment; one of those cards was the City’s credit card of the former Mayoral officeholder ending in #73. The hotel “Package” was for a Junior Suite package, not a standard room package, to accommodate for a sofa bed. The hotel receipt showed a “Package Overage” charged to the room for food, and the receipt for food showed “2 Cover Charge.”

JUNIOR SUITE

Our stylish Junior Suite offers stunning floor-to-ceiling views of Fifth Avenue and Midtown Manhattan. Revel in luxurious comforts, including a soft king bed, deep soaking tub, and a full walk-in Italian-designed wardrobe.

KING BED AND QUEEN SOFA BED (EXTRA BED AVAILABLE UPON REQUEST)

FOUR GUESTS

72m² - 84m² / 775ft² - 900ft²

VIRTUAL TOUR

FLOOR PLAN

ROOM

- Full walk-in, Italian-designed wardrobe with glass-fronted walnut drawers
- Complimentary Internet
- Luxurious marble bathroom with a double vanity, deep soaking tub and separate glass rainfall shower
- Built-in safe
- Floor-to-ceiling windows that open to let in fresh air
- Television built into the bathroom mirror
- Complimentary Nespresso coffee maker and bottled water at nightly turndown
- Swedish Duxiana bed
- Spacious sitting area
- 32-inch flat-screen television



The Finance Department staff had difficulty obtaining the receipts from the Executive Office for this New York City trip. On November 2, 2021, the Finance Department requested receipts from the Executive Office staff and the former Mayoral officeholder. There were receipts that remained outstanding for the New York trip charges from airlines, booking agency, and hotel. As of December 6, 2021, nearly a month after the Finance Department had initially requested the receipts with multiple follow-up emails, the Finance Department staff sent a high importance flagged email stating they still needed the receipts.

Mon 12/6/2021 6:59 AM

FW: Attached PNC Card statement

To: [Redacted]

Cc: [Redacted] Mayor

This message was sent with High importance.

I still need to have them receipt for the items listed below:

I need:

2.	edia	Transaction date 10/13	\$4.05
3.	edia	Transaction date 10/13	\$33.92
6.	Airlines	Transaction date 10/13	\$214.40
7.	Airlines	Transaction date 10/13	\$249.41
9.	The [Redacted] New York	Transaction date 10/18	\$1,377.74

Sincerely,

 Accounts Payable / Receivables Manager

From: [Redacted]

Sent: Monday, November 8, 2021 3:39 PM

To: [Redacted]

Cc: [Redacted]

Subject: FW: Attached PNC Card statement

Good day [Redacted]

Do either of you have copies of the receipts for the following charges on the Mayor's credit card?

1.	[Redacted]	Transaction date 10/11	\$5.00
2.	edia	Transaction date 10/13	\$4.05
3.	edia	Transaction date 10/13	\$33.92
5.	[Redacted]	Transaction date 10/14	\$179.28
6.	Airlines	Transaction date 10/13	\$214.40
7.	Airlines	Transaction date 10/13	\$249.41
8.	[Redacted]	Transaction date 10/15	\$348.00
9.	The [Redacted] New York	Transaction date 10/18	\$1,377.74
10.	[Redacted]	Transaction date 10/20	\$674.98
11.	[Redacted]	Transaction date 10/21	\$237.59

If you do have receipts please forward to the original receipts to [Redacted] with a copy to me along with an explanation advising what the purchase was for.

Thank you,

Office of the Mayor
City of Pontiac

From: [Redacted]

Sent: Tuesday, November 2, 2021 10:31 AM

To: [Redacted]

Cc: Mayor [Redacted]

Subject: Attached PNC Card statement

Hello,

Attached this months PNC card statement and I have the Menards and Sami Engraving receipts.

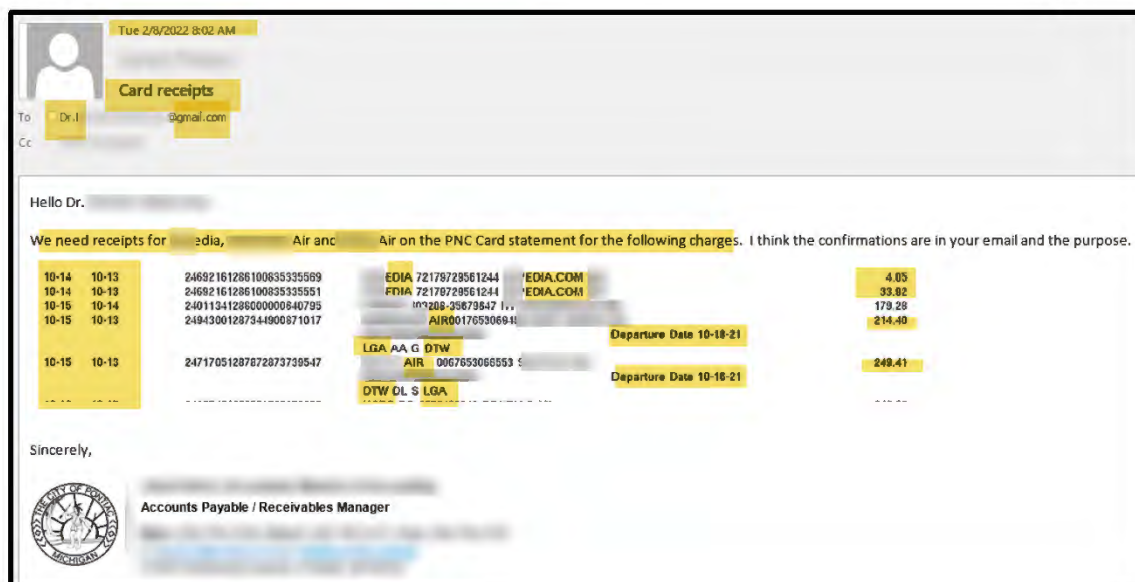
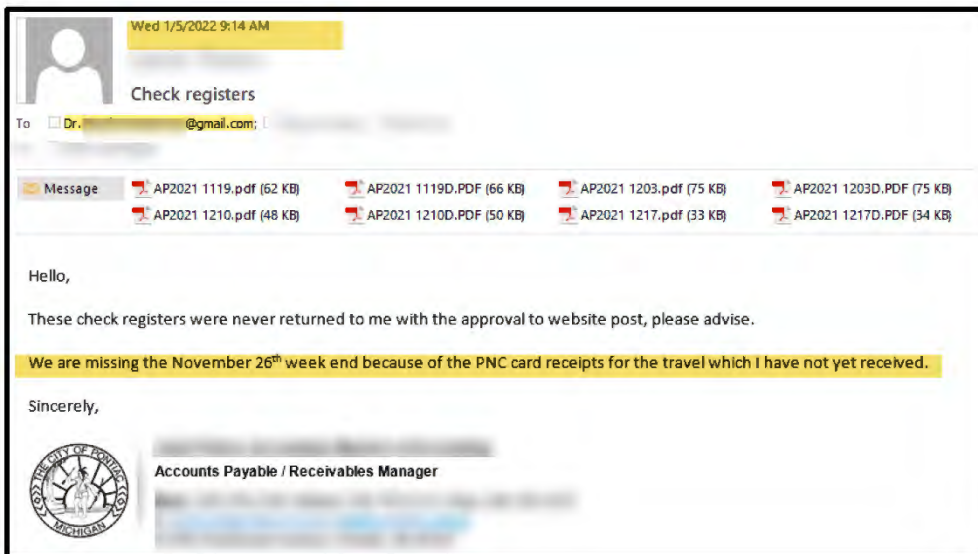
Please provide rest of the receipts, thank you.

Sincerely,

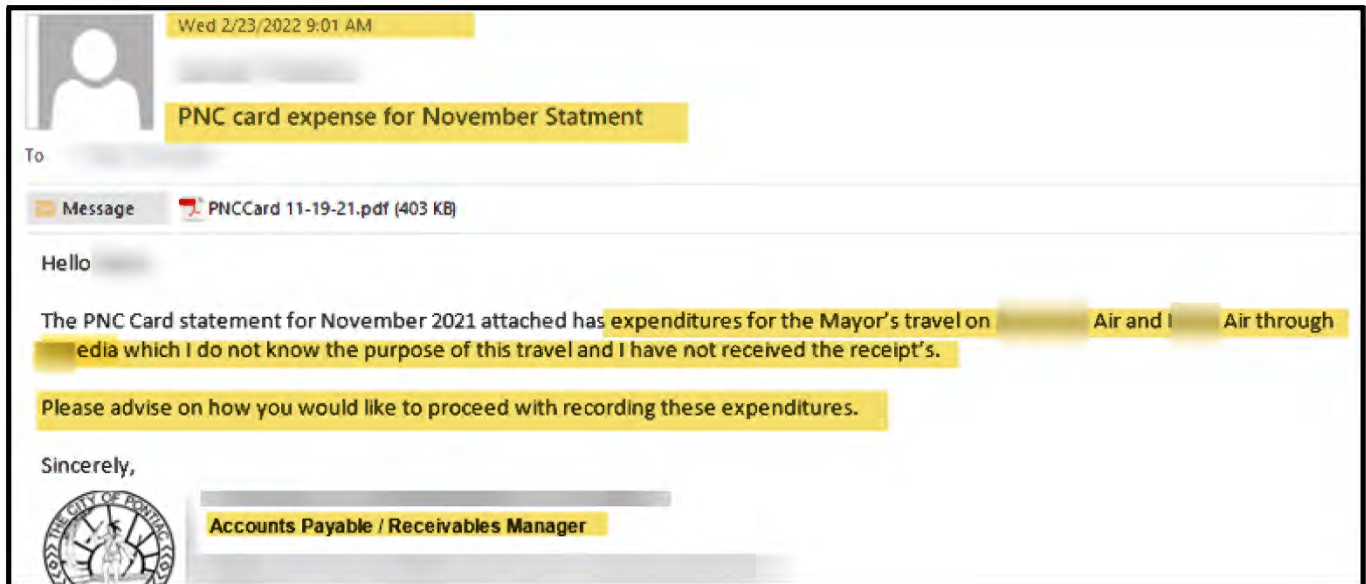
 Accounts Payable / Receivables Manager



The Executive Office staff appeared unable to provide receipts for the New York trip. The City obtained the hotel receipt directly from the hotel and *not* from the formal Mayoral officeholder after repeated requests. There were still other receipts outstanding from the New York trip. This matter was not resolved before the former Mayoral officeholder left office in the 2022 New Year. There were two follow-up emails sent in January and February 2022 from the Finance Department to the former Mayoral officeholder's personal email address requesting the outstanding receipts. The Finance Department had been attempting to obtain receipts for the New York trip for at least four months from the former Mayoral officeholder and Executive Office.



On February 23, 2022, almost five months after the purchases were made, the Finance Department staff sent an escalated email to the Finance Director. The Finance Department staff told the Finance Director that “expenditures for the Mayor’s travel on [airline] and [airline] through [booking agency] which I do not know the purpose of this travel and I have not received the receipt’s” (sic)... “Please advise on how you would like to proceed”. A response was not located in the email system from the Finance Director.



The former Mayoral officeholder responded to an email chain on January 6, 2022, regarding the City’s inability to publish the AP Check Register on the City website due to the missing documentation for the charges. The former Mayoral officeholder said they had been “packing up my office last week... they might have gotten mistakenly packed up and I can retrieve them for you.” The Finance Department staff replied saying “the reason I sent the emails was because I did not have copies I sent to you for approval to the website. If you can find them and return them to City Hall that would be great”. The AP Check Register for week the ending November 26, 2021, was never posted to the City’s website as receipts were never provided.

This instance appeared to deprive the public of information, as the City Finance Department was “missing the check register for the week ending 11-26-21 since that included the [credit] card receipts that I have not yet received. When I received the receipts I will complete that week’s check register for website posting.”



Thu 1/6/2022 11:27 AM

website post approved Check registers

To: [Redacted]

Cc: [Redacted]

Message: AP2021 1119.pdf (62 KB), AP2021 1203.pdf (75 KB), AP2021 1210.pdf (48 KB), AP2021 1217.pdf (33 KB), AP2021 1224.pdf (97 KB), AP2021 1231.pdf (35 KB)


Hello [Redacted]

According to the email below the check registers are approved to website post.

We are missing the check register for week ending 11-26-21 since that included the PNC card receipts that I have not yet received. When I received the receipts I will complete that week's check register for website posting.

Let me know if you have questions.

Sincerely,



Accounts Payable / Receivables Manager

From: Dr. [Redacted] <[Redacted]@gmail.com>

Sent: Thursday, January 6, 2022 2:09 PM

To: [Redacted]

Cc: [Redacted]

Subject: RE: Check registers

WARNING: This email originated from outside of City of Pontiac. DO NOT click on any links or open any attachments unless you recognize the sender and are expecting the message.

Hello all, I was approving invoices and registers as I was packing up my office last week. I signed hard copies for all the ones that I had already approved online to you and left them with [Redacted]. If you're missing any approvals, other than the ones attached to this email, let me know as they might have gotten mistakenly packed up and I can retrieve them for you. Re the attached check registers and the approvals to place them on the website; Registers for 11/13/21-11/19/21; 11/27/21-12/03/21 and 12/11/21-12/17/21 were all approved for processing and posting on the website. The expenditures for 12/04/21-12/10/21 are noted. However, because [Redacted] wrote the whole check to M1 Concourse as 1 item, I want to verify that the expenses were posted under the right GFL codes for accounting purposes i.e. the AV expenditures should be posted under AV/cable GFL codes as provided by that Division. [Redacted] please confirm that accounting was recorded as such. I understand the Transition team has been active; otherwise staff is proceeding with regular daily functions as expected. Regards,

Thu 1/6/2022 11:13 AM

RE: Check registers

To: Dr. [Redacted]


Cc: [Redacted]

Dr. I [Redacted],

The reason I sent the emails was because I did not have the copies I sent to you for approval to website post. If you can find them and return them to City Hall that would be great, otherwise I will use this email as my approval to post the rest of the check registers to the website.

Thank you.

Sincerely,



Accounts Payable / Receivables Manager

2021 Accounts Payable Check Registers ▲ 50 documents

- AP Check Register - 123121
- AP Check Register - 122421
- AP Check Register - 121721
- AP Check Register - 121021
- AP Check Register - 120321
- AP Check Register - 11-19-21
- AP Check Register - 11-12-21
- AP Check Register - 11-05-21



Example 2

The former Mayoral officeholder was registered for a conference that took place on June 28, 2019 to July 1, 2019 in Honolulu, Hawaii. The actual registration for the conference was paid on February 28, 2019, which was four months before the start of the four day conference.

Post Date	Trans Date	Reference Number	Transaction Description	Amount					
<table border="0" style="width:100%"> <tr> <td style="width:20%">XXXX-XXXX-XXXX-02</td> <td style="width:15%">CREDITS \$4.98</td> <td style="width:15%">PURCHASES \$3,009.97</td> <td style="width:15%">CASH ADV \$0.00</td> <td style="width:15%">TOTAL ACTIVITY \$3,004.98</td> </tr> </table>					XXXX-XXXX-XXXX-02	CREDITS \$4.98	PURCHASES \$3,009.97	CASH ADV \$0.00	TOTAL ACTIVITY \$3,004.98
XXXX-XXXX-XXXX-02	CREDITS \$4.98	PURCHASES \$3,009.97	CASH ADV \$0.00	TOTAL ACTIVITY \$3,004.98					
06-28	06-27	24906419178075369340643	DICK'S SPORTING GOODS.COM 877-8469987 PA	635.98					
07-01	06-27	24717059179871791130221	DELTA AIR BAGGAGE FEE DETROIT MI R Departure Date 0- 0- 0	70.00					
07-02	07-01	24906419182075652042333	WHITEPAGES 800-9529005 WA	4.99					
07-04	07-02	24755420184201844236350	HILTON HOTELS HONOLULU HI 7270316 ARRIVAL: 07-02-19	1,509.21					
07-08	07-05	74906419186975854220373	WHITEPAGES 800-9529005 WA	4.99 CR					
07-19	07-18	24431069200898000110154	COSTCO WHSE #1037 BLOOMFIELD HI MI	189.80					
07-24	07-22	24492159204894997575631	ESIGNS.COM 800-494-5850 TX	589.99					
<table border="0" style="width:100%"> <tr> <td style="width:20%">XXXX-XXXX-XXXX-0310</td> <td style="width:15%">CREDITS \$257.50</td> <td style="width:15%">PURCHASES \$10,563.45</td> <td style="width:15%">CASH ADV \$0.00</td> <td style="width:15%">TOTAL ACTIVITY \$10,305.95</td> </tr> </table>					XXXX-XXXX-XXXX-0310	CREDITS \$257.50	PURCHASES \$10,563.45	CASH ADV \$0.00	TOTAL ACTIVITY \$10,305.95
XXXX-XXXX-XXXX-0310	CREDITS \$257.50	PURCHASES \$10,563.45	CASH ADV \$0.00	TOTAL ACTIVITY \$10,305.95					
06-28	06-26	24717059178871780475216	DELTA AIR 0062377669582 DELTA.COM CA DTW DL W LAX DL W HNL DL W LAX DL O DTW Departure Date 06-27-19	1,600.37					
07-02	07-01	24906419182075646340501	WHITEPAGES 800-9529005 WA	4.99					
07-03	07-02	24164079183741231360169	FEDEX 788228300081 MEMPHIS TN	69.80					
07-05	07-04	24692169185100291893650	MED*OPTAVIA 800-572-4417 MD	1,880.25					
07-05	07-04	24692169185100291877646	MED*OPTAVIA 800-572-4417 MD	2,061.78					
07-05	07-04	24692169185100291901859	MED*OPTAVIA 800-572-4417 MD	2,061.78					
07-08	07-05	74906419186975859375974	WHITEPAGES 800-9529005 WA	4.99 CR					
07-09	07-08	24431069190898005010054	COSTCO WHSE #1037 BLOOMFIELD HI MI	6.10					
07-09	07-08	2443106919089800091034	COSTCO WHSE #1037 BLOOMFIELD HI MI	362.15					
07-15	07-12	24164079194069295215569	FEDEX OFFIC46100004614 BLOOMFIELD HI MI	146.28					
07-16	07-15	24431069197898000880462	COSTCO WHSE #0376 AUBURN HILLS MI	25.38					
07-19	07-18	24692169189100060418091	LOWES #00713* 248-338-2566 MI	973.06					
07-22	07-20	74431069201200000068108	KNIGHTS TENT AND PARTY 2482382400 MI	252.51 CR					
07-22	07-19	24717059201582010719403	AGENT FEE 8900770373506 GLOBETROTTER MD Departure Date 0- 0- 0	25.00					
07-22	07-19	24431069200200000068104	KNIGHTS TENT AND PARTY 248-238-2400 MI	271.51					
07-22	07-19	24717059201872014410145	DELTA AIR 0067382069284 OLNEY MD Departure Date 07-25-19	829.60					
07-24	07-23	24431069204200000068258	DTW DL K LAX DL L DTW KNIGHTS TENT AND PARTY 248-238-2400 MI	239.36					

The credit card statement showed the flight reservation was for the former Mayoral officeholder to travel through Los Angeles (LAX) on a layover each way to and from Honolulu. It was identified that a family member of the former Mayoral officeholder resided in Los Angeles. The Hawaiian hotel receipt showed that there were two guests registered at the hotel, and the conference registration reflected the room had two queen beds. The planned checkout date from Honolulu was July 5, 2019 on the conference confirmation and acknowledgement emails. This indicated the initial travel plan was for three additional nights in Honolulu following the end of the conference, which ended July 1, 2019.



CONFERENCE OF MAYORS

TO: The Mayor

FROM: [Redacted]

Please register now and plan to join with over 200 of your colleagues from cities of all sizes and regions across the nation who will gather to share best practices, vote on the policy of our organization, and engage in direct conversations with national leaders during the 87th Annual Conference of Mayors in Honolulu, June 28 to July 1, 2019. Under the leadership of Conference President [Redacted] this meeting will be focused on our three overarching themes: **Infrastructure, Innovation, & Inclusion.**

Host City Events

[Redacted] is arranging a wonderful array of events that will highlight the very best of Honolulu!

- Friday Evening: **Ho'olaule'a - A Hawaiian Celebration on The Great Lawn at [Redacted] Hawaiian Village**
- Saturday Evening: **A Tribute to our Military on the "Mighty Mo"**
- Sunday Evening: **A Royal Affair at [Redacted] Palace**
- Monday Evening: **Under the Hula Moon**
- Fun and Informative Spouse/Youth Events

Thu 2/28/2019 2:10 PM

Travel

87th Annual Meeting Confirmation

To: Mayor [Redacted]

You forwarded this message on 6/13/2019 4:19 PM

CONFERENCE OF MAYORS

87th Annual Meeting
June 28-July 1, 2019
Honolulu
Your Registration Confirmation Number: 19Annual1255s

Mayor
City of Pontiac
 47450 Woodward Ave
 Executive Suite
 Pontiac, MI 48342

Registration Information
 Registration Date/Time: 2/28/2019 5:07:05 PM
 Registration Type: Mayor/Member
 Special Accommodations?: No
 Registration Payment Amount: \$875
 Payment Method: CreditCard
 Paid?: Yes

Hotel Information
Hawaiian Village
 Honolulu, HI

Room: Tapa Junior Suites (\$389 per night)
 Arrival Date: 6/27/2019
 Departure Date: 7/3/2019
 Card Type: Visa
 Expiration Date: 10/21
 Queen Beds: Yes
 Notes: Check Out July 5, 2019

Conference of Mayors 2019 Annual Meeting

HOTEL ACKNOWLEDGMENT

PLEASE CHECK ALL DETAILS FOR ACCURACY.
 UNREPORTED ERRORS ARE THE RESPONSIBILITY OF THE ATTENDEE.
 ANY CHANGES OR CANCELLATIONS MAY BE MADE BY EMAILING

13 March, 2019

Mayor
 City of Pontiac
 Office of the Mayor
 47450 Woodward Avenue
 Pontiac, MI 48432

Log#: 3
 Fax:
 Ref#: 72X-24N-07E

AIRFARE DISCOUNTS AVAILABLE: Call 888-29MAYOR or 301-570-0800 and Press 1

Thank you for booking your room reservation through [Redacted]. Below you will find the details of your room reservation.

Hawaiian Village
 Honolulu, HI

Room type: Double - Rainbow Junior Suites
 Thursday Friday
 Arrive/Depart: 06/27/2019 - 07/05/2019
 Room Rate: 389.00 Tax Not Included
 Deposit: Gtd by - VI
 # of Nights: 8

Special Request(s): Two Queen Beds



The travel plan changed on June 26, 2019, right before the start of the trip. This was also only one day before the flight departure on June 27, 2019. The modified itinerary was structured to allow the former Mayoral officeholder a four night layover in Los Angeles instead of staying in Hawaii after the conference. The conference confirmation and acknowledgement emails showed checkout was originally supposed to happen on July 5, 2019, the hotel receipt and flight departure from Honolulu happened on July 2, 2019. The changes of airfare purchases immediately before departure reflected careless planning as it appeared for personal related reasons and was not an emergency for the City.

Reply Reply All Forward
 Wed 6/26/2019 6:32 PM
 Air Lines Airlines@
 Your Flight Receipt - 27JUN19
 To Mayor
 You forwarded this message on 6/26/2019 8:22 PM.

Your Trip Confirmation #: G7V87B Right-click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

You're all set. If you need to adjust your itinerary, you can make standard changes to your flight on delta.com including time, date and destination. Explore all of your options [here](#).

Thu, 27JUN	DEPART	ARRIVE
1885 Comfort+® (W)	DETROIT 3:40pm	LOS ANGELES, CA 5:29pm
1149 Delta Comfort+® (W)	LOS ANGELES, CA 6:44pm	HONOLULU, HI 9:27pm
Tue, 02JUL	DEPART	ARRIVE
1121 Comfort+® (W)	HONOLULU, HI 3:06pm	LOS ANGELES, CA 11:40pm
Sat, 06JUL	DEPART	ARRIVE
2959 Main Cabin (Q)	LOS ANGELES, CA 2:01pm	DETROIT 9:23pm

HAWAIIAN VILLAGE
 HONOLULU, HI 96815
 United States of America


HOTELS & RESORTS

PONTIAC MI 48341
 UNITED STATES OF AMERICA

Room No: R1713:KITVU1
 Arrival Date: 6/27/2019 3:55:00 PM
 Departure Date: 7/2/2019 1:13:00 PM
 Adult/Child: 2/0
 Cashier ID: MRIVERA
 Room Rate:
 AL:
 HH #
 VAT #
 Folio No/Che: 7270316 A



The four nights when the former Mayoral officeholder stayed in Los Angeles were mostly workdays, Tuesday through Saturday. On July 1, 2019, the Executive Office staff overnight shipped what appeared to be “requested documents”, which was paperwork and a DVD, to Los Angeles for the former Mayoral officeholder. The shipment was mailed to the former Mayoral officeholder to the address of the family member who resided in Los Angeles. This shipment appeared to demonstrate incurring of unnecessary expenses to the City as a result of an extended layover that seemed to be for personal reasons. The financial impact to the City was \$4,094.38, excluding the conference attendee registration fee.



Mon 7/1/2019 4:35 PM

FW: Shipment 788228300081 Notification

To: Mayo

Mayor,

Please see the tracking information below for the requested documents.

- Council agenda for July 2, 2019
- DVD for Special Council meeting on Saturday, June 29, 2019 - Transcription for Council Meeting June 21, 2019

Thank you,

City of Pontiac Executive Offices
www.pontiac.mi.us

-----Original Message-----
 From: TrackingUpdates@
 Sent: Monday, July 1, 2019 7:09 PM
 To:
 Subject: Shipment 788228300081 Notification

WARNING: This email originated from outside of City of Pontiac. DO NOT click on any links or open any attachments unless you message.

This tracking update has been requested by:

Name:
 E-mail:

Mayor's Overnight Package (Mayor's conf)

Address: [REDACTED]

Location: [REDACTED]

Device ID: [REDACTED]

Transaction: [REDACTED]

Fee: Standard Overnight
 788228300081 5.6 lbs. (S) 69.80
 Declared Value: 0
 Recipient Address:
 Mayor
 [REDACTED]
 Los Angeles, CA 90040

Scheduled Delivery Date 7/2/2019

Pricing options:
 DME 6.01

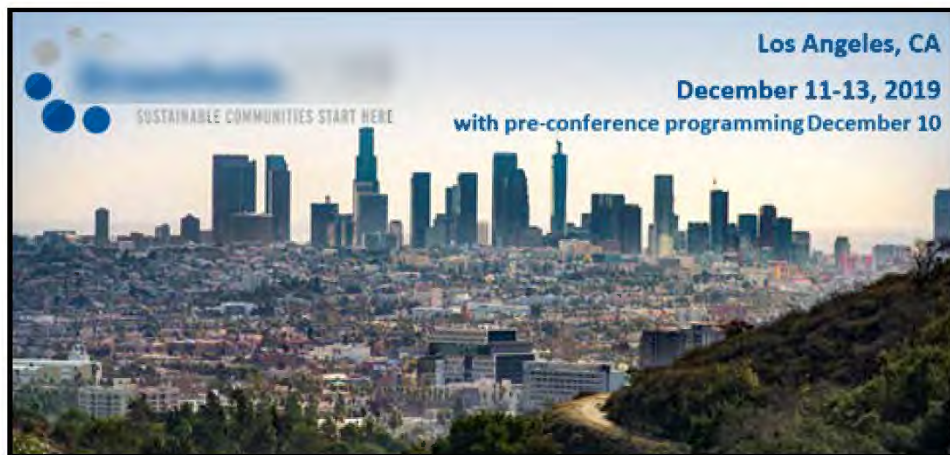
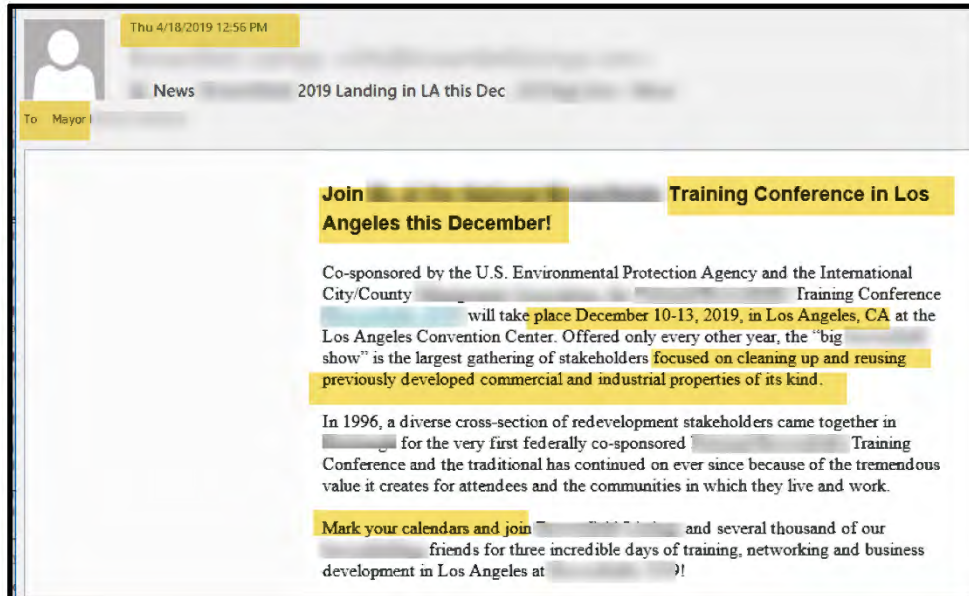
Package Information:
 Return Box

Service: [REDACTED] 69.80
 Total Fee: 69.80
 Credit Card: 69.80
 444444444444



Example 3

The former Mayoral officeholder attended a training conference that took place in Los Angeles from Wednesday, December 10, 2019 through Friday, December 13, 2019. Coordination of the former Mayoral officeholder's travel to the event was done through the Executive Office staff and an organization that was hosting the conference.



When the flight itinerary was being planned on November 19, 2019, the Executive Office staff indicated that the former Mayoral officeholder wanted to depart Los Angeles on Saturday, December 14th, go to New York over the weekend, and then depart New York to Detroit on Monday, December 16th. The Executive staff told the organization hosting the conference that "whatever the price difference is between the ticket we will pay." Additionally, the Executive Office staff indicated the former Mayoral officeholder wanted to extend their stay in Los Angeles one extra day after the conference at the hotel. The



Executive Office told the organization that “please advise of the additional fee as we will cover the difference”. As instructed, the organization updated flights and extended the hotel stay. The email demonstrated a willingness to incur unnecessary expenses that did not have a documented City business reason for the extra day in Los Angeles and the weekend stay in New York. The financial impact to the City was \$607.25 in extra expenses related to modifications to existing travel.

From: [Redacted]
Sent: Tuesday, November 19, 2019 10:24 PM
To: [Redacted]
Subject: RE: Mayor [Redacted] Flight for E [Redacted] s 2019

Hi [Redacted]

The Mayor normally flies with [Redacted] out of DTW. Her [Redacted] miles number is [Redacted]. If it possible there is a 8:20 AM flight leaving Detroit and arriving Los Angeles at 10:20 AM, Wednesday December 11th. I think that flight will allow her sufficient time to get to the hotel and prepare for the conference.

She would like to depart Los Angeles on Saturday the 14th mid-morning or early afternoon returning to New York, La Guardia or Kennedy airport and then depart New York December 16th to Detroit (Early Afternoon). Please let me know if this is feasible. Whatever the price difference is between the ticket we will pay. Just let me know.

Also, Mayor [Redacted] would need to extend her stay at the Marriott hotel in Los Angeles until her departure on the 14th, please advise of the additional fee as we will cover the difference. Her Marriott Bonvoy number is [Redacted].

Thank you,
 [Redacted]
 City of Pontiac Executive Offices

The screenshot shows the Delta website's booking process. The top navigation bar includes 'DELTA', 'DTW - DTW', 'Multi-City', 'Dec 11-16', '1 Passenger', and 'MODIFY'. The 'Review and Pay' screen displays three flights:

Flight	Flight Number	Route	Date	Time	Class
Flight 1	DL2726	DTW - LAX	Wed, Dec 11	8:20am - 10:32am	Basic
Flight 2	DL2148	LAX - LGA	Sat, Dec 14	1:00pm - 11:54pm	Basic
Flight 3	DL2148	LGA - DTW	Mon, Dec 16	11:05am - 1:11pm	Basic

The 'Trip Total' on the 'Review and Pay' screen shows:

- 1 Passenger
- Flights: \$600.01
- Taxes, Fees & Charges: \$90.99
- Amount Due: \$691.00 USD

The 'Trip Summary' screen shows the updated itinerary:

Flight	Flight Number	Route	Date	Time	Class
Flight 1	DL2726	DTW - LAX	Wed, Dec 11	8:20am - 10:32am	Main
Flight 2	DL2164	LAX - JFK	Sat, Dec 14	9:25am - 5:41pm	Main
Flight 3	DL871	LGA - DTW	Mon, Dec 16	1:09pm - 3:05pm	Main

The 'Trip Total' on the 'Trip Summary' screen shows:

- 1 Passenger
- Flights: \$753.50
- Taxes, Fees & Charges: \$93.80
- Amount Due: \$847.30 USD

Arrows indicate the flight changes from the 'Review and Pay' screen to the 'Trip Summary' screen, showing the increase in the total amount due.



RE: Mayor [redacted] Flight for [redacted] 2019

Message City of Pontiac - Invoice 00024771N (410 KB)

Hi [redacted]

Attached is the invoice for the charges [redacted] incurred due to the Mayor's flight change. If you need anything [redacted]

Thank you!

From: [redacted]
 Sent: Friday, November 22, 2019 11:33 AM
 To: [redacted]
 Cc: [redacted]
 Subject: RE: Mayor [redacted] Flight for [redacted] 2019

Thank you so much! How should we reimburse the \$153.49 to [redacted]? Can you send me an invoice and I will have a check cut? Please advise.

Thank you,

City of Pontiac Executive Offices

From: [redacted]
 Sent: Thursday, November 21, 2019 8:21 PM
 To: [redacted]
 Cc: [redacted]
 Subject: RE: Mayor [redacted] Flight for [redacted] 2019

My apologies, in reviewing the Mayor's schedule for Saturday, we realized that the flight arriving to NYC would not work for her schedule. Is it possible to change the flights to the itinerary below?

I tried to make changes this evening and pay the difference with our card but the airline would not allow us to make the changes without cancelling the reservation altogether.

Please advise.

Page: 1

Invoice

Invoice Number: 00024771N
 Invoice Date: 1/23/2020
 Salesperson:
 Tax Schedule: NONTAX

Customer Number: PONTCTY
 Customer P.O.:

Ship VIA:
 Terms: Upon Receipt

Contact:
 City of Pontiac
 Mayors Office
 47450 Woodward Ave 2nd Floor
 Pontiac, MI 48342-5009

Item Code	Description	UM	Quantity	Price	Amount
	Airline flight Change fee for Mayor [redacted]		2019		156.30

529345

CITY OF PONTIAC
 47450 Woodward Ave
 Pontiac, MI 48342-5009

Postmaster: Bridge
 Change
 MC Bank, U.S.
 Date: 6 - 12 / 48

Check Date: 01/15/21
 Check Amount: 156.30

FAY ***One Hundred Fifty-Six and 30/100 Dollars*****

****VOID****
FILE COPY

AUTHORIZED SIGNATURE

City of Pontiac - Accounts Payable

INVOICE NUMBER	DATE	DESCRIPTION	AMOUNT
2477-1N	01/23/2020	Airline chg fee for Brownfield 2019	156.30

Los Angeles, CA 90015 US

Summary of Charges

Guest Information	[redacted]	Dates of Stay	12/13/2019 - 12/14/2019
	47450 WOODWARD AVE PONTIAC, MI 483425009 US	Room number	842
		Guest number	12603
		Member Number	*****809
		Group Number	

Date	Description	Reference	Charges	Credits
12/12/2019	TELECOMM	FREEHSIA	0.00	
12/12/2019	PREMHSIA	PREMHSIA	0.00	
12/12/2019	DESTFEE	DST FEE	25.00	
12/12/2019	DESTTAX	DST FEE	3.50	
12/13/2019	TR ROOM	842, 1	239.00	
12/13/2019	OCC TAX	842, 1	33.46	
12/13/2019	CA FEE	842, 1	0.75	
12/13/2019	TMD FEE	842, 1	3.59	
12/14/2019	CCARD-VS			305.30
12/14/2019	CCARD-VS		0.00	
Total balance				0.00 USD



From: Mayor [redacted]
Sent: Monday, January 11, 2021 9:54 PM
To: [redacted]
Cc: [redacted]
Subject: RE: Mayor [redacted]'s Flight for Brownfields 2019

Note [redacted] s email and agree with her statement.



Mayor | Executive Office
47450 Woodward Avenue | Pontiac, MI 48342

www.pontiac.mi.us

From: T [redacted]
Sent: Monday, January 11, 2021 9:47 PM
To: [redacted]
<[redacted]@pontiac.mi.us>
Cc: [redacted]
Subject: RE: Mayor [redacted]'s Flight for Brownfields 2019

The signed approved invoice was placed in your mail box when the requisition was created. It was placed in an Inter-office envelope. Need to get this closed out. I have copied the Mayor for her approval on this.

Thank you,
[redacted]

From: [redacted]
Sent: Monday, January 11, 2021 5:21 PM
To: [redacted]
Cc: [redacted]
Subject: RE: Mayor [redacted]'s Flight for Brownfields 2019

When you enter requisitions they require an invoice being turned into AP and Mayors approval once the PO has been approved. I have not received either.

Please advise.

Sincerely,
[redacted]



Accounts Payable / Receivables Manager
[redacted]

From: [redacted]
Sent: Monday, January 11, 2021 5:18 PM
To: [redacted]
Cc: [redacted]
Subject: FW: Mayor [redacted]'s Flight for Brownfields 2019

Can you advise of the status regarding requisition #20-01792? Please see the email below...

Thank you,
[redacted]

From: Tracie Nichols [<mailto:tnichols@racertrust.org>]
Sent: Monday, January 11, 2021 4:40 PM
To: Tamura Veasy <tveasy@pontiac.mi.us>
Subject: RE: Mayor [redacted]'s Flight for Brownfields 2019

Hi [redacted] -

I just left you a voicemail regarding the this outstanding invoice. [redacted] is trying to close their books for the year and this is still showing as an outstanding receivable. Could you please provide timing for payment, or if there is something else you need from us?

Thanks.



Records of a public office were carried away and removed from City premises

Public records created by or received in the Mayor's Office in the performance of official functions were deliberately carried away and removed on December 31, 2021, which appeared to be a violation of the law. The carrying away and removal of public records was a seriously improper practice contrary to responsibilities of public bodies (City) to keep public records and make them available for inspection under the Michigan Freedom of Information Act 442.

On Friday, December 31, 2021, the Sheriff's Office responded to "suspicious circumstances" at City Hall. Case report #210272924 reflected a moving truck had been loaded with 30-35 banker boxes containing files that were labeled as "Mayor Files," which came from the former Mayor's Office.

CR No: 210272924	
(O-OTHER) (I-PERSON INTERVIEW) (01645)	
PE: W Type: Last Name	First Name Middle Name Suffix Mr/Mrs/Ms Mayor
Narrative:	
CR No: 210272924-001 Written By: (01645) Date: 12/31/2021 07:18 PM	
INCIDENT:	SUSPICIOUS CIRCUMSTANCES
SOURCE:	Telephone from Command
INFORMATION:	On 12/31/2021 @ 1847hrs, I received a phone call from [redacted] regarding information he had received that a U-Haul truck was pulled up to City Hall and that items that were possibly owned by the city of Pontiac were being removed from the building. I immediately responded and observed a U-Haul truck backed up to the East main door of City Hall with several male subjects loading banker style file boxes into the back of the truck. There were approx. 30-35 boxes in the back of the truck. The boxes all were labeled "Mayor Files" or similar language. I inquired as to what was going on and they stated that outgoing Mayor [redacted] was cleaning out her office. I asked where the mayor was currently and they directed me to her office upstairs. I then spoke with Mayor [redacted] in her office and she stated that she was simply moving out of the office and trying to leave things clean for the next mayor. She stated that she had been cleaning out the office for three days and that it was made more difficult because she "saves everything." I advised her that as long as these were personal files/items and not city of Pontiac property that she could continue removing her personal property, but that no city of Pontiac furniture/property should be removed. I was stopped as I was leaving the building by Deputy [redacted] who stated that he had been observing the files being moved and that he had not seen anything being removed except for the banker boxes full of unknown files.

CR No: 210272924	
(O-OTHER) (I-PERSON INTERVIEW) (01645)	
PE: W Type: Last Name	First Name Middle Name Suffix Mr/Mrs/Ms Mayor
Narrative:	
CR No: 210272924-001 Written By: (01645) Date: 12/31/2021 07:18 PM	
INCIDENT:	SUSPICIOUS CIRCUMSTANCES
SOURCE:	Telephone from Command
INFORMATION:	On 12/31/2021 @ 1847hrs, I received a phone call from [redacted] regarding information he had received that a U-Haul truck was pulled up to City Hall and that items that were possibly owned by the city of Pontiac were being removed from the building. I immediately responded and observed a U-Haul truck backed up to the East main door of City Hall with several male subjects loading banker style file boxes into the back of the truck. There were approx. 30-35 boxes in the back of the truck. The boxes all were labeled "Mayor Files" or similar language. I inquired as to what was going on and they stated that outgoing Mayor [redacted] was cleaning out her office. I asked where the mayor was currently and they directed me to her office upstairs. I then spoke with Mayor [redacted] in her office and she stated that she was simply moving out of the office and trying to leave things clean for the next mayor. She stated that she had been cleaning out the office for three days and that it was made more difficult because she "saves everything." I advised her that as long as these were personal files/items and not city of Pontiac property that she could continue removing her personal property, but that no city of Pontiac furniture/property should be removed. I was stopped as I was leaving the building by Deputy [redacted] who stated that he had been observing the files being moved and that he had not seen anything being removed except for the banker boxes full of unknown files.

There was photographic evidence of the loaded moving truck containing the Mayor's Office files in boxes on December 31, 2021. The photo reflected the quantity of banker style boxes in the back of the truck was consistent with the Sheriff's Office case report. The photo of the boxes in the "U-Haul" truck was retrieved from social media. The mobile phone photo and text message were provided by a citizen.



DEC 31, 2021 AT 6:08 PM

Taking her war chest from
city hall



In the dark, after hours, no one checking what's being taken???

The truth always comes out at some point. There's also the question of what was transported out of the building via UHaul that last night. Any product created while on office is the property of the City. A truckload????? In the dark of night???? What was in it??? Who loaded it??? Then there's the question of covering connections in the County and the State. This is bigger and deeper than just Pontiac.



The Sheriff's case report indicated the Mayor's Office was difficult to clean out because the former officeholder "saves everything." There was photographic evidence the former Mayor's Office was disorganized before it was cleaned on December 31, 2021. The photos of the Executive Office revealed paperwork, records, files, folders, and boxes that had been amassed and was cleaned out of the Mayor's Office, carried away, and removed from City Hall. These photos were provided by a City employee.

I immediately responded and observed a U-Haul truck backed up to the East main door of City Hall with several male subjects loading banker style file boxes into the back of the truck. There were approx. 30-35 boxes in the back of the truck. The boxes were labeled "Mayor's Office". I inquired as to what was being cleaned out. The subject stated that she was cleaning out her office. I asked her if she had any outgoing mail or files. She stated that she had no outgoing mail or files. She stated that she had been cleaning out the office for three days and that she had made more difficult for the cleaning process. She stated that she had "saved everything" and that she had personal files/it. She stated that she had personal property that she had not seen moved and that she had not seen any of the personal property moved except for the Pontiac property that was moved and that she had not seen any of the Pontiac furniture or unknown files.





The existence of paperwork, records, files, folders, and boxes in the former Mayor's Office appeared to be the result of printing the City's business in performance of official duties and functions. The printing, usage, and reliance on paper-based files and records in the former Mayoral Office was repeatedly observed in City email correspondence. These emails about printing City business demonstrate that there were paper-based public records in the Mayor's Office that were deliberately carried away on December 31, 2021.

The collage consists of seven overlapping email screenshots, each with a black border. The emails are as follows:

- Top Left:** Subject: "FW: OU-PI Core Group Meeting Agenda & Zoom Link: 4/27/2021". Sent: Mon 4/26/2021 11:51 AM. Body: "Please print for the Mayor. Thank you,"
- Top Middle:** Subject: "FW: Committee". Sent: Sun 4/25/2021 8:32 PM. Body: "Please print for the Mayor. Thank you,"
- Top Right:** Subject: "FW: American Rescue Plan Documents for the Board". Sent: Fri 5/21/2021 7:06 AM. Body: "Copy (my home printer is not working) [redacted] is supposed to be getting me a better one from Staples because this one doesn't even copy." Includes City of Pontiac logo and address: "Mayor | Executive Office, 47450 Woodward Avenue | Pontiac, MI 48342, www.pontiac.mi.us"
- Middle Left:** Subject: "FW: City Council Agenda". Sent: [redacted]. Body: "Happy Monday! Please print for Mayor and Deputy. If a [redacted] Office of the Mayor, City of Pontiac, 47450 Woodward Avenue, Pontiac, MI 48342"
- Middle Center:** Subject: "FW: FY22 Detailed CDS Account". Sent: [redacted]. Body: "Please print for the Mayor (attachment a [redacted]) Thank you,"
- Middle Right:** Subject: "FW: Council Agenda Pack for June 29, 2021 Meeting". Sent: Fri 6/25/2021 2:00 PM. Body: "Please print for Mayor" and "City of Pontiac Executive Offices"
- Bottom Left:** Subject: "FW: Greatness Camp/". Sent: [redacted]. Body: "Please print for the Mayor" and "City of Pontiac Executive Offices" with website "www.pontiac.mi.us"
- Bottom Right:** Subject: "FW: MML Executive Feedback for CEO". Sent: Fri 5/7/2021 12:39 PM. Body: "Please print for the Mayor and be sure to bring to her to attention. This needs to be completed by today. Thank you,"



From: [Redacted]
 Sent: Wednesday, May 5, 2021
 To: [Redacted]
 Subject: FW: CORRECTION: [Redacted]
 Attachments: [Redacted]

Please print and place in a file folder for the Mayor. At 9:30 AM. The meeting link is listed in her calendar.

Thank you.

From: [Redacted]
 Sent: Tuesday, May 4, 2021 12:11 PM

Reply Reply All Forward
 Thu 5/20/2021 1:19 PM
 FW: Materials

To: [Redacted]

Message Rep and Senator for e List of Board Actions for

Please print for the Mayor...

Reply Reply All Forward
 Mon 5/24/2021 12:27 PM
 FW: City Council Special Meeting on the Budget May 25, 2021 at 4:00 p.m.

To: [Redacted]

Message Agenda Packet 5-25-2021 Special Budget.pdf (935 KB)

Please print for the Mayor...

Reply Reply All Forward
 Mon 4/19/2021 12:22 PM
 FW: Updated Health & Wellness Meeting Notes 4.13.21

To: [Redacted]

Message Health & Wellness Agenda Notes 4.13.21.docx (20 KB)

Please print for the Mayor.

Reply Reply All Forward
 Mon 6/14/2021 2:11 PM
 FW: Small Business Lists

To: [Redacted]

Message List of Small businesses Contacts Dec 2020.xlsx (222 KB)
 Small Business Reopening Tool Kit Master Spreadsheet working 6.22.20 rev 12.20.xlsx (164 KB)
 List of Small businesses Restaurants Bars Cafes CVT March 9 2021 - updated 4.19.21 Rev.xlsx (188 KB)

Please print for the Mayor

City of Pontiac Executive Offices
www.pontiac.mi.us

Tue 2/16/2021 4:43 PM
 Updated Agenda for Zoom meeting 2/17/2021

To: [Redacted]
 Cc: [Redacted]

Message Agenda zoom meeting Working doc 2_17-2021.docx (112 KB) Meeting Notes 2_17

Please print a copy of the Mayor and give it to her.

Senior Center Specialist

Reply Reply All Forward
 Mon 5/24/2021 12:27 PM
 FW: City Council Special Meeting

To: [Redacted]

Message Agenda Packet 5-25-2021 Special Bud

Please print for the Mayor...

City of Pontiac Executive Offices

Reply Reply All Forward
 Wed 5/26/2021 12:20 PM
 FW: Failure of [Redacted] not picking up trash on Special Pickup.

To: [Redacted]

Please print for the Mayor

City of Pontiac Executive Offices
www.pontiac.mi.us

To: [Redacted]

Message GFL_Updated into


Please print for the Mayor

City of Pontiac Executive Offices
www.pontiac.mi.us

Reply Reply All Forward
 Tue 2/9/2021 6:05 PM
 Mayor
 FW: Contact Information - Invitation to edit

To: [Redacted]


How do I print these?

 Mayor | Executive Office
 47450 Woodward Avenue
www.pontiac.mi.us

Reply Reply All Forward
 Tue 6/29/2021 9:21 AM
 Mayor
 complete power point FROM soc

To: [Redacted]
 Cc: [Redacted]

Please send me, and everyone on Exec staff for their information, the complete powerpoint slide deck. Also, [Redacted] can print a set of the slides for me as well.

 Mayor | Executive Office
 47450 Woodward Avenue | Pontiac, MI 48342
www.pontiac.mi.us



Electronic communications used for not permissible purposes

In the months leading up to the 2017 election there was evidence that the City's email system was used for communication about election campaign advertising and fundraising activities. Those instances identified were within the Mayor's Office and occurred on the City's workdays and daytime hours.

It seemed seriously improper that the City's official public email system was repeatedly used by the City's former Mayoral officeholder and Executive Aide for campaigning activities and reelection advertising purposes. The evidence appeared problematic with campaign finance laws that disallowed public officials from expending public resources. City personnel and publicly funded official emails (domain @pontiac.mi.us) were public resources misused for campaigning purposes that expressly advocated to vote for and elect a certain candidate (former Mayoral officeholder).

Can a public official use the office email for campaign purposes? No. A public official should not use his public office email system paid for with public funds to campaign or advertise it as a way of contacting the public official for campaign purposes. Any time spent answering emails calls diverts attention for the ordinary business of the public body and is permanently lost. Additionally, any staff time reading, handling or transferring campaign related emails also causes the loss of time to the county. Any of this activity would result in a prohibited expenditure of public resources.

The emails also appeared problematic with potential violations of laws where public employees were not permitted to engage in political activities on behalf of a candidate in connection to elections during the hours when that person is being compensated for the performance of that person's duties as a public employee.

Example A.

On July 5, 2017, there were two emails about a "flyer/invite" to "send to donors" that were exchanged between Firm 3 staff (Vendor #10004155) and the Foundation (Vendor #10000037). Four days later, on July 9, 2017, the email chain was forwarded to a private email of the former Mayoral officeholder running for reelection. Then on Tuesday, July 11, 2017, the former Mayoral officeholder forwarded the email chain about the "fundraiser invitation" flyer to the Executive Aide official email address @pontiac.mi.us. In this email the former Mayoral officeholder instructed the Executive Aide to "print... 25 letters on campaign letter head". The Executive Aide who ultimately received the email to print the flyer was also a campaign staff member for the officeholder's reelection.

Firm 3's involvement in the former Mayoral officeholder reelection occurred while there was advisory services for an unauthorized contract of \$13,800 a month. From



September 2017, there were four campaign donations towards the former Mayoral officeholder's reelection; two donations of \$1,000 each paid for by Firm 3's owner and their immediate family member, and two donations of \$250 each from Firm 3 staff. This gave the perception that the former Mayoral officeholder may have procured some benefit for themselves (their campaign) during the same timeframe when unauthorized City expenditures for advisory services were taking place and while there was improper conduct in the email system. This may be problematic with potential violations of the law as owner of Firm 3 and associates gave former Mayoral officeholder campaign money, and former Mayoral officeholder improperly contracted with Firm 3, reference Contracts Example #3 section.

MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS

**ITEMIZED CONTRIBUTIONS
SCHEDULE 1A
CANDIDATE COMMITTEE**

1. Committee I.D. Number 95910

2. Committee Name for Mayor

Enter contributor's name and address. If contribution is from an individual, enter last name, first name, middle initial. Check box to indicate if contribution is from a Political Committee or an Independent Committee (PAC) Report all contributions regardless of amount.

3. Contribution #	PAC Receipt?	4. Date of Receipt	6. Amount	7. Cumulative for Election Cycle for Each Contributor (Through date of receipt)
3. Contribution # 1	PAC Receipt? <input type="checkbox"/> YES	4. Date of Receipt <u>09/11/17</u>	\$ <u>1000</u>	\$ <u>1000</u>
Name & Address: [Redacted]				
5. If over \$100.00 cumulative, please provide: Occupation <u>Partner</u> Employer <u>LLC</u> Business Address [Redacted] Type of Contribution: <input checked="" type="checkbox"/> Direct <input type="checkbox"/> Loan from a person <input type="checkbox"/> Fund Raiser				
Click Here for Memo Itemization				
3. Contribution # 3	PAC Receipt? <input type="checkbox"/> YES	4. Date of Receipt <u>09/14/17</u>	\$ <u>1000</u>	\$ <u>1000</u>
Name & Address: [Redacted]				
5. If over \$100.00 cumulative, please provide: Occupation <u>Homemaker</u> Employer _____ Business Address [Redacted] Type of Contribution: <input checked="" type="checkbox"/> Direct <input type="checkbox"/> Loan from a person <input type="checkbox"/> Fund Raiser				
Click Here for Memo Itemization				

3. Contribution #2	PAC Receipt? <input type="checkbox"/> YES	4. Date of Receipt <u>7/18/2017</u>	\$ <u>250</u>	\$ <u>250</u>
Name & Address: [Redacted]				
5. If over \$100.00 cumulative, please provide: Occupation <u>Analyst</u> Employer _____ Business Address [Redacted] Type of Contribution: <input type="checkbox"/> Direct <input type="checkbox"/> Loan from a person <input checked="" type="checkbox"/> Fund Raiser				
Click Here for Memo Itemization				
3. Contribution # 3	PAC Receipt? <input type="checkbox"/> YES	4. Date of Receipt <u>7/18/17</u>	\$ <u>250</u>	\$ <u>250</u>
Name & Address: [Redacted]				
5. If over \$100.00 cumulative, please provide: Occupation <u>B. Developer</u> Employer _____ Business Address [Redacted] Type of Contribution: <input type="checkbox"/> Direct <input type="checkbox"/> Loan from a person <input checked="" type="checkbox"/> Fund Raiser				
Click Here for Memo Itemization				



Tue 7/11/2017 8:51 AM

FW: Second version

Message Fundraiser Invitation.pdf (239 KB)

Can you open this and print? Also, I need the 25 letters on campaign letter head that you were formatting for me. Thanks

From: [Redacted]
 Sent: Sunday, July 09, 2017 5:11 PM
 To: [Redacted]
 Subject: Fwd: Second version

----- Original message -----
 From: [Redacted]
 Date: 7/5/17 1:57 PM (GMT-05:00)
 To: J
 Subject: Fwd: Second version

Please send to donors.

----- Forwarded message -----
 From: [Redacted]
 Date: Wed, Jul 5, 2017 at 1:11 PM
 Subject: Re: Second version
 To: [Redacted]

Can you please send the flyer/invite to the entire list via info email? I can't send from my Do we have any RSVPs to date?

On Thu, Jun 29, 2017 at 3:55 PM, [Redacted] wrote:
 Good to go on Flyer!

On Thu, Jun 29, 2017 at 3:47 PM, [Redacted] wrote:
 See attached.

3 separate list of possible donors for the fundraiser.

On Thu, Jun 29, 2017 at 10:56 AM, [Redacted] wrote:
 I like having the host committee moved up a bit.

CONTACT | WHAT'S NEW


Calendar
 Schedule a meeting

Send Email
 @pontiac.mi.us

You are cordially invited to join us for a fundraiser to

Re-Elect
MAYOR OF PONTIAC ★

Proven Leadership Fighting for Us



Tuesday, July 18th from 5:00 – 7:00 pm at
 STUDIOS
 Pontiac, MI 48341

Host Committee

RSVP via info@ [Redacted] or call [Redacted]

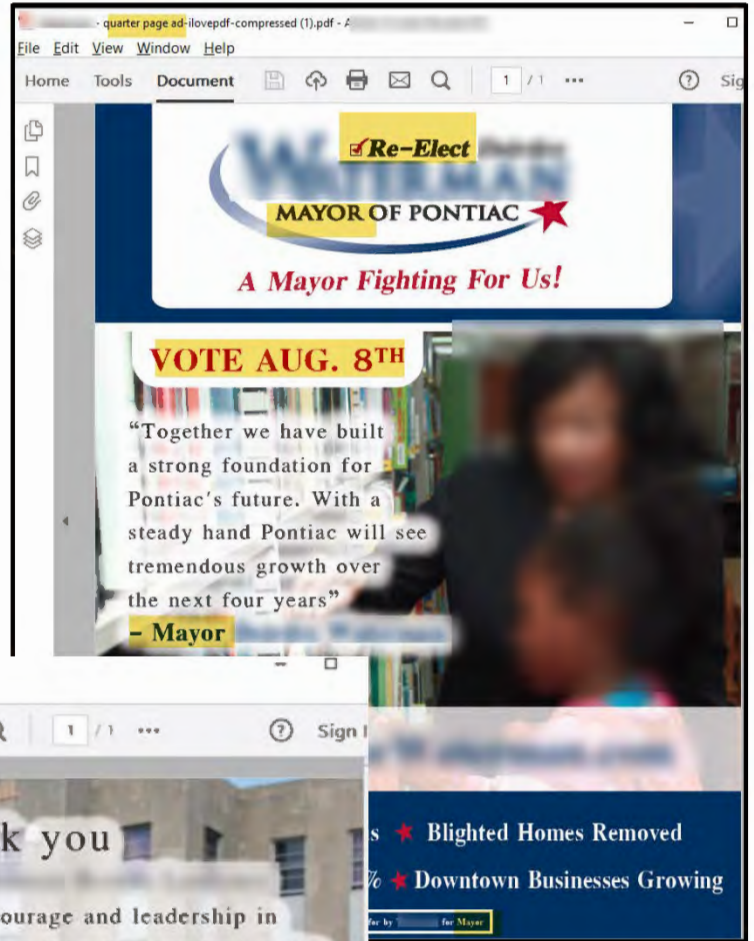
Suggested contribution \$100
 Make checks payable to [Redacted] Mayor or
 Donate online at [Redacted]

Paid for by I [Redacted] for Mayor



Example B.

There were several email exchanges that occurred in 2017 that were between the former Mayoral officeholder, the Executive Aide who was also a campaign staff member, and a City Vendor #10003740. One of the emails conversed about advertisement “ad options” edits for the “half page” and “quarter page” flyers regarding the upcoming re-election. Then another email was about the “kick-off meeting for the campaign to re-elected mayor”. A third email was about a fundraiser to support the mayor’s re-election campaign. All emails were with the official Mayoral officeholder’s email address.



Tue 8/7/2018 8:15 AM

Send Email
@pontiac.mi.us

IM
n@pontiac.mi.us

FW: Mayor [REDACTED]

Sent: Friday, February 17, 2017 10:42 AM

Subject: Mayor [REDACTED]

Hello [REDACTED]

I want to thank all of you for coming to the kick-off meeting for the campaign to re-elect Mayor [REDACTED]. WE accomplished quite a bit and have a strategy moving forward on how to let people know about the wonderful achievements that Mayor [REDACTED] has made in the last four years.

I will be working on the language for the list of accomplishments and plan to have that for our next meeting. I also plan on having all of the campaign branding set by the next meeting.

While I work on the branding I need all of your help with the following action items:

1. **Signature gathering at all costs.** Get as many as you possibly can. The deadline set by the campaign is 2/27/2017.
2. **Kick-Off Event:** I know a few of you are looking into potential venues for the Campaign Kick-Off. Please have the availability and pricing with you at our next meeting.

NEXT MEETING: **MONDAY, February 27, 2017 @6:30PM**

Please remember that all information discussed during the meeting is confidential and not to be shared with anyone else, unless authorized by the campaign.

If you have any questions please feel free to call, text or e-mail me anytime [REDACTED]

Thank you for all of your help and support, I know that together we can really impress the entire city!

Graphic Design & Direct Mail Consultant

From: [REDACTED]

Sent: Wednesday, May 31, 2017 2:57 PM

Subject: Reminder: Mayor [REDACTED] Fundraiser Next Week

Hello Host Committee,

Thank you for all your support for Mayor [REDACTED] during her re-election campaign.

Just a reminder to let your respective friends, family and business partners know about next week's fundraiser for Mayor [REDACTED]. It's being billed as the Birthday Fundraiser for business people.

I only have about 20 people that I know who are coming, at the moment. Let's try to get even more people to attend.

Please let me know if you have any questions.

Thanks again,

--

Graphic Design & Direct Mail Consultant

CONTACT | WHAT'S NEW

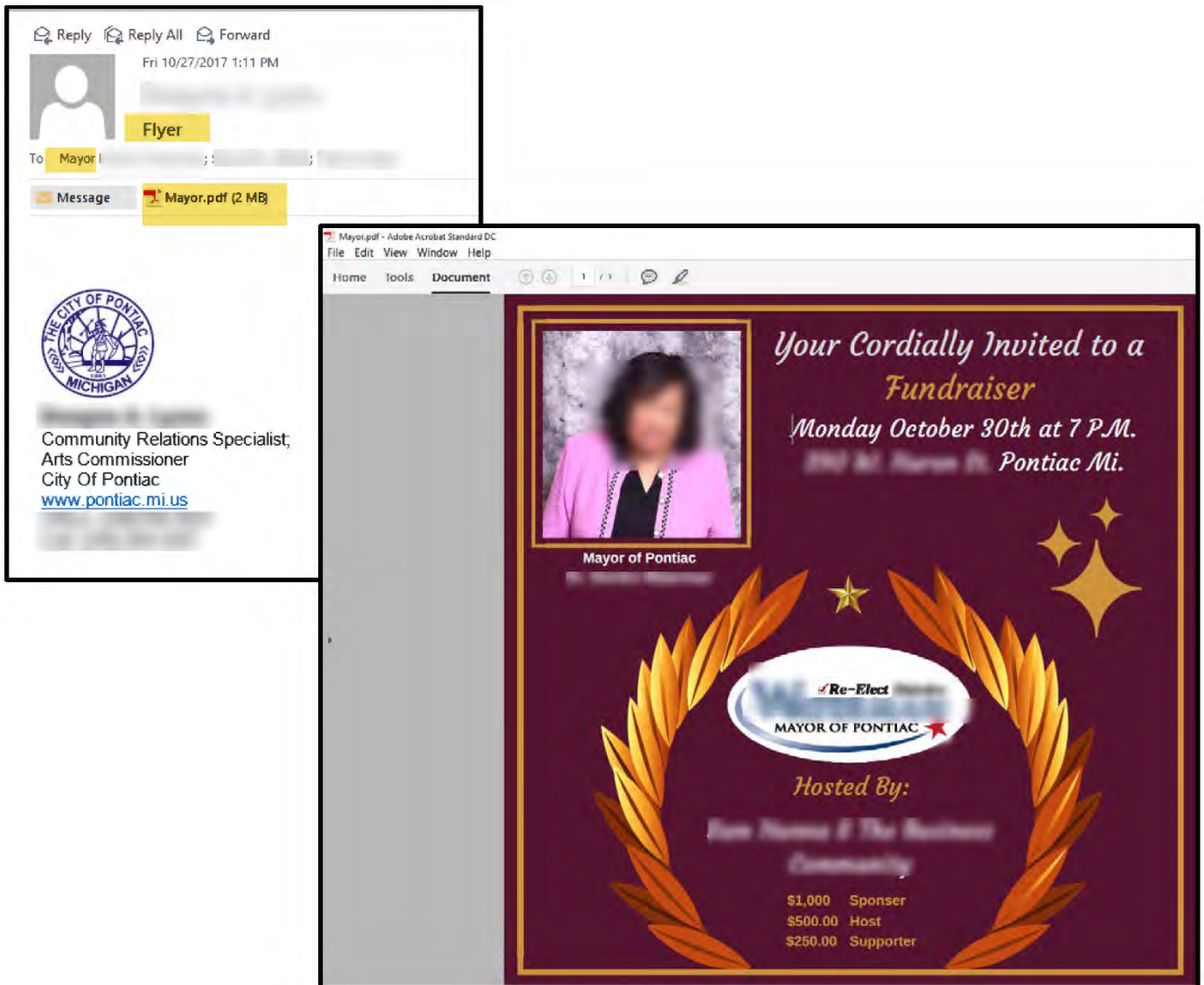
Calendar
Schedule a meeting

Send Email
@pontiac.mi.us



Example C.

On October 27, 2017, there was an originating email from the Executive Aide's official email @pontiac.mi.us to the former Mayoral officeholder who was a candidate running for re-election. Attached to that email was an election campaign flyer titled "Mayor.pdf", which was a fundraising promotion for financial amounts of "\$1,000 Sponsor", "\$500.00 Host", and "\$250.00 Supporter." It seemed inappropriate for the campaign fundraiser flyer to be commingled with City business.



Example D.

On April 12, 2017, the former Mayoral officeholder retained services of an attorney (Vendor #1652) firm who had previously donated to their campaign in 2013 for \$500. The former Mayoral officeholder agreed to pay the attorney \$10,000. The services were to negotiate a tax abatement deal with a business in Pontiac (Project B in chart).

Then on November 4, 2018, the business that received tax abatement sent an email to the former Mayoral officeholder with a subject line that stated “campaign donation.” In the body of the email, the business asked for more details on where to mail the campaign donation and how the “check should be made out,” such as to the “Mayor 2020 Campaign Fund.” The attorney who negotiated the tax abatement donated to the campaign again in 2021 for \$1,000. There was an appearance of impropriety between the former Mayoral officeholder, contractor, and Project B associates. There were campaign donations before and after an MOU for services where the City paid \$172,000 to the contractor, and approximately \$19,000 in annual tax abatement. This may be problematic with violations of the law.

MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS

**ITEMIZED CONTRIBUTIONS
SCHEDULE 1A
CANDIDATE COMMITTEE**

1. Committee I.D. Number 95910
2. Committee Name for Mayor

Enter contributor's name and address. If contribution is from an individual, enter last name, first name, middle initial. Check box to indicate if contribution is from a Political Committee or an Independent Committee (PAC) Report all contributions regardless of amount.

3. Contribution # 4 Name & Address	PAC Receipt? <input type="checkbox"/> YES	4. Date of Receipt <u>07/01/21</u>	6. Amount <u>\$ 1000</u>	7. Cumulative for Election Cycle for Each Contributor (Through date of receipt) <u>\$ 1000</u>
---------------------------------------	---	------------------------------------	-----------------------------	---

5. If over \$100.00 cumulative, please provide:
Occupation: _____ Employer: _____
Business Address: _____
Click Here for Memo Itemization

Type of Contribution: Direct Loan from a person Fund Raiser

2013-12-17 08:58 >> P 2/3
DEC-5-2013 14:23 P. 4/11

MICHIGAN DEPARTMENT OF STATE
BUREAU OF ELECTIONS

**ITEMIZED CONTRIBUTIONS
SCHEDULE 1A
CANDIDATE COMMITTEE**

1. Committee I.D. Number 95910
2. Committee Name FOR MAYOR

Enter contributor's name and address. If contribution is from an individual, enter last name, first name, middle initial. Check box to indicate if contribution is from a Political Committee or an Independent Committee (PAC) Report all contributions regardless of amount.

3. Contribution # 4 Name & Address	PAC Receipt? <input type="checkbox"/> YES	4. Date of Receipt <u>11/8/13</u>	6. Amount <u>\$ 500.00</u>	7. Cumulative for Election Cycle for Each Contributor (Through date of receipt) <u>\$ 500.00</u>
---------------------------------------	---	-----------------------------------	-------------------------------	---

5. If over \$100.00 cumulative, please provide:
Occupation: _____ Employer: DETROIT MI
Business Address: _____
Click Here for Memo Itemization

Type of Contribution: Direct Loan from a person Fund Raiser



From: Mayor
Sent: Wednesday, April 12, 2017 8:01 PM
To:
CC:
Subject: FW: Addition of : Campus

Greetings,
In the email below I've copied you on a matter that I would like to retain your services for. [redacted] has proposed an investment in Pontiac through an extended Renaissance Zone that has already been accepted by the MEDC. There are additional negotiations to finalize this investment development in Pontiac as well as a negotiated Dev. Agreement with the city that I want you to conclude if you are available to accept this engagement. [redacted] has agreed to pay for attorneys fees to the city to a ceiling amount of \$10,000 and I will copy you on their letter of commitment. Please advise of your acceptance of this engagement offer with your letter of engagement. Additional information to follow in 2 separate emails.

Mayor City of Pontiac

www.pontiac.mi.us



Thu 4/20/2017 1:14 PM

RE: [redacted]

To: Mayor

Cc: [redacted]

You forwarded this message on 11/28/2018 5:59 PM.

Message: PONTIAC ENGAGEMENT LETTER.pdf (422 KB)

Attached is the engagement letter for this matter. It is identical to the prior engagement letter that you signed except for the description of the new matter. Please sign and return after your review.

Thanks,

[redacted signature]

April 20, 2017

Mayor
City of Pontiac
47450 Woodward Avenue
Pontiac, Michigan 48342

Re: [redacted]

Dear Mayor

This will confirm that [redacted] has been engaged to provide services to the City of Pontiac as [redacted] in connection with negotiating amendments to the Development Agreement for property [redacted] is acquiring that is subject to an existing Renaissance Zone granted by the Michigan Strategic Fund. For convenience, references to "you" and "your" in this letter refer to the City of Pontiac unless the context clearly indicates otherwise.

It has often been our experience that clients ask us to handle additional matters after we have taken on an original engagement. Unless we expressly agree otherwise, these terms and conditions also will apply to any additional legal services that we may provide.

This letter sets forth our agreement regarding payment of our fees and costs for services to be rendered on your behalf, our billing procedures and the other terms of our relationship. If you have any questions with respect to any of the items discussed in this letter, please call me. We very much appreciate the trust and confidence that you are reposing in us.

Fee Basis


Our charges will be based upon the time devoted to the matter by members of our professional staff, multiplied by their standard billing rates. Those rates are subject to adjustment from time to time, ordinarily in January of each year. We bill time in increments of one quarter hour. Services under this engagement will not exceed \$10,000. If the \$10,000 limit is reached, services by [redacted] will terminate and our engagement will terminate, subject to renewal under a possible future engagement.



Date	Amount	Attorney Firm	Check #	Project
5/19/2016	\$ 6,737.50	Vendor #1652	516392	A
6/10/2016	\$ 7,507.72	Vendor #1652	516519	A
2/9/2017	\$ 9,800.00	Vendor #1652	518093	A
7/27/2017	\$ 5,776.25	Vendor #1652	519253	B
9/14/2017	\$ 31,519.08	Vendor #1652	519628	B
10/12/2017	\$ 43,364.23	Vendor #1652	519932	A
10/26/2018	\$ 18,914.15	Vendor #1652	522959	B
3/8/2019	\$ 230.18	Vendor #1652	523966	Unknown
3/29/2019	\$ 8,611.48	Vendor #1652	524142	C/B
4/5/2019	\$ 3,187.50	Vendor #1652	524175	C
10/18/2019	\$ 15,792.10	Vendor #1652	525914	C
1/31/2020	\$ 1,416.39	Vendor #1652	526785	D
3/20/2020	\$ 12,851.39	Vendor #1652	527273	D
8/31/2020	\$ 7,142.02	Vendor #1652	528257	D
Total	\$172,849.99			

City of Pontiac Tax Abated Properties List - As of 01-13-22										
Parcel Number	Owner Name	Issued	Expiry	Classification	Tax Abatement	2021 Taxable Value	2021 SEV	2021 Summer Tax	2021 Winter Tax	Total
64-CR-15-200-024		2015	2025		Pays only School Operating and State Education Tax on Rehab portion of the taxable value	\$ 691,440.00	\$ 691,440.00	\$ 16,760.50	\$ -	\$ 16,760.50
64-IN-07-100-634		2007	??		Pays 50% of millage except State Education Tax which they pay 100%	\$ 4,015,900.00	\$ 4,110,820.00	\$ 120,329.43	\$ 3,686.32	\$ 124,015.75
64-IN-12-100-264		2012	??		Pays 50% of millage except State Education Tax which they pay 100%	\$ 3,468,570.00	\$ 3,607,540.00	\$ 103,929.63	\$ 3,183.90	\$ 107,113.53
64-IN-14-100-016		2014	??		Pays 50% of millage except State Education Tax which they pay 100%	\$ -	\$ -	\$ -	\$ -	\$ -
64-IN-14-100-429		2014	??		Pays 50% of millage except State Education Tax which they pay 100%	\$ 824,070.00	\$ 824,070.00	\$ 24,691.76	\$ 756.42	\$ 25,448.18
64-IN-14-100-447		2014	??		Pays 50% of millage except State Education Tax which they pay 100%	\$ 5,804,210.00	\$ 6,394,290.00	\$ 138,739.51	\$ 5,327.88	\$ 144,067.39
64-IN-16-100-148		2016	??		Pays 50% of millage except State Education Tax which they pay 100%	\$ 780,890.00	\$ 780,890.00	\$ 23,397.95	\$ 716.77	\$ 24,114.72
64-IR-17-100-060		2017	??		Taxable value is frozen to the tax year immediately preceding the effective date of the certificate	\$ 122,970.00	\$ 216,430.00	\$ 6,951.82	\$ 225.73	\$ 7,177.55
64-IR-18-100-151		2018	??		Taxable value is frozen to the tax year immediately preceding the effective date of the certificate	\$ 918,780.00	\$ 1,113,720.00	\$ 51,451.48	\$ 1,686.74	\$ 53,138.22
64-IR-18-100-152	COMPANY LLC - Falls under TIFA Project area and in Renaissance zone	2018	??	RZ - Rehab IFT (Frozen) - Usually up to 12 years from the completion of the project	Taxable value is frozen to the tax year immediately preceding the effective date of the certificate. Further this property in Renaissance zone, hence pays only School debt, Sinking fund and Judgement millages	\$ 6,054,550.00	\$ 9,726,620.00	\$ 13,563.40	\$ -	\$ 13,563.40

Mon 11/4/2019 2:04 PM

 Campaign Donation - Quick Questions

To Mayor

WARNING: This email originated from **outside** of City of Pontiac. **DO NOT click on any links** unless you recognize the sender and are expecting the message.

Hello Mayor,
 My apologies, I need a few more small details regarding the campaign donation:
 1. Where would you like the check mailed to?
 2. How should the check be made out? Something like "_____ for Mayor 2020 Campaign Fund"?

Kind Regards,

 Director, People Development



Recommendations

Recommendations are provided to improve internal and management controls, and financial practices to safeguard public funds, and for possible recourse/recovery. The City, on its own accord and discretion, can choose to prepare responses to the recommendations and/or carry out the recommendations that the City determines to be worthwhile improvements. Recommendations are suggestions (not compulsory) to the City and are for consultative purposes. It is suggested the City review each of the recommendations, and track the City's decision about whether or not each the recommendations should be enacted:

- When a decision is to enact a recommendation, the City is encouraged to document in detail the planned response activities through completion.
- When a decision is not enact a recommendation, it is suggested the City document and memorialize the rationale to not implement.
- When a decision is to adjust a recommendation, the City should ensure modifications achieve a desired outcome for success and document the modification and reason for the customizations.

The City may deem certain recommendations as more of a priority, and is suggested the City keep track of the prioritization and progress of implementation. After implementation, it is suggested the City monitor the improvement to ensure desired results are being achieved.



Recourse and Recovery Possibilities

City Council may hold hearings regarding the deliberate removal and carrying away of public records from the Executive Office on December 31, 2021. Use investigative and subpoena powers to require the former Mayoral officeholder to return the papers, records, files and information removed from City Hall. Obtain official testimony from the individuals who were witnesses and identify any potential suspect(s) that may have violated laws such as MCL 750.491:

- Individuals suggested to appear for hearings include at least:
 - Employee IDs #114190, #114373, #114397, #114177, #114294, #114293, #114142, #114144
 - Temporary staff individual through Vendor #10001123 corresponding to Purchase Order #22-01976
 - Sheriff's Officers on Case Report #210272924 dated 12/31/2021 at 18:47 who responded to location 47450 Woodward Ave about Suspicious Circumstances
- Have a law enforcement officer briefed on the matter present during recovery of records to –
 - Witness and inspect the return of records
 - Write a case report that describes the papers, files, records, and boxes recovered and determine if documents appeared to be City business information (public or confidential City documents)
 - Determine if there is sufficient evidence for charges/prosecution of a law violation due to public records being removed
- If records are not returned (recovered) through the hearings, consider any further/other action that is allowable in the court system to compel the recovery of the City's apparent public information

ARTICLE II. COUNCIL

2-31 Investigative powers; subpoenas.



(a) The council shall have the power to hold hearings for the purpose of investigating any matter connected with its authority and responsibilities.

(b) The president and president pro tem of the council may issue subpoenas under the hand and corporate seal of the city directed to any person whom the council deems necessary as a witness in any matter pending before them and ordering such person to appear before the council at a certain time and place to be designated in the subpoena, to testify concerning such matter or thing, or to produce before the council at such time and place, such books, records, contracts, or other papers as shall be designated in the subpoena.

(Code 1985, § 2-46)



THE MICHIGAN PENAL CODE (EXCERPT)
Act 328 of 1931

750.491 Public records; disposal; removal, mutilation, or destruction; violation as misdemeanor; penalty.

Sec. 491.

(1) All official books, papers, or records created by or received in any office or agency of this state or its political subdivisions are public property belonging to the people of this state. All such books, papers, or records must be disposed of only as provided in section 11 of the Michigan history center act, 2016 PA 470, MCL 399.811, section 2a of the records reproduction act, 1992 PA 116, MCL 24.402a, and sections 2137 and 2138 of the revised judicature act of 1961, 1961 PA 236, MCL 600.2137 and 600.2138.

(2) An individual shall not willfully carry away, mutilate, or destroy the books, papers, records, or any part of a book, paper, or record described in subsection (1) and shall not retain and continue to hold the possession of those books, papers, or records, or parts of those books, papers, or records and refuse to deliver up those books, papers, records, or parts of those books, papers, or records to the proper officer having charge of the office to which those books, papers, or records belong upon demand being made by that officer or, if the office is defunct, the Michigan history center created in the Michigan history center act, 2016 PA 470, MCL 399.801 to 399.812. An individual who violates this section is guilty of a misdemeanor punishable by imprisonment for not more than 2 years or a fine of not more than \$1,000.00.

City may confer with legal counsel regarding the findings exemplified in this report to identify if there is sufficient evidence to justify an official investigation, law enforcement investigation, referral to another public agency with authority, or potential prosecution about possible violations of laws. Consider recourse that is possible through the court system.

Potential law violations may include (but is not limited to) the criminal/civil laws identified below that are listed in no particular order:

THE MICHIGAN PENAL CODE (EXCERPT)
Act 328 of 1931

750.117 Public officer; bribery.

Sec. 117.

Bribery of public officer—Any person who shall corruptly give, offer or promise to any public officer, agent, servant or employe, after the election or appointment of such public officer, agent, servant or employe and either before or after such public officer, agent, servant or employe shall have been qualified or shall take his seat, any gift, gratuity, money, property or other valuable thing, the intent or purpose of which is to influence the act, vote, opinion, decision or judgment of such public officer, agent, servant or employe, or his action on any matter, question, cause or proceeding, which may be pending or may by law be brought before him in his public capacity, or the purpose and intent of which is to influence any act or omission relating to any public duty of such officer, agent, servant or employe, shall be guilty of a felony.

THE MICHIGAN PENAL CODE (EXCERPT)
Act 328 of 1931

750.118 Public officer; accepting bribe.

Sec. 118.

Public officer accepting bribe—Any executive, legislative or judicial officer who shall corruptly accept any gift or gratuity, or any promise to make any gift, or to do any act beneficial to such officer, under an agreement, or with an understanding that his vote, opinion or judgment shall be given in any particular manner, or upon a particular side of any question, cause or proceeding, which is or may be by law brought before him in his official capacity, or that in such capacity, he shall make any particular nomination or appointment, shall forfeit his office, and be forever disqualified to hold any public office, trust or appointment under the constitution or laws of this state, and shall be guilty of a felony, punishable by imprisonment in the state prison not more than 10 years, or by fine of not more than 5,000 dollars.

THE MICHIGAN PENAL CODE (EXCERPT)
Act 328 of 1931

750.121 Public institutions; bribery of officers.

Sec. 121.

Bribery of officers of public institutions by persons having contracts therewith—Any person interested directly or indirectly in a contract with a state or municipal institution who shall corruptly give, offer or promise to any officer of such institution any bribe, gift, or gratuity whatever, with intent to improperly influence his official action under such contract, shall be guilty of felony.

2



THE MICHIGAN PENAL CODE (EXCERPT)
Act 328 of 1931

750.174 Embezzlement by agent, servant, or employee, or trustee, bailee, or custodian; penalty; prima facie proof of intent; enhanced sentence based on prior convictions; consecutive sentence; conditions; definitions.

Sec. 174.

(1) A person who as the agent, servant, or employee of another person, governmental entity within this state, or other legal entity or who as the trustee, bailee, or custodian of the property of another person, governmental entity within this state, or other legal entity fraudulently disposes of or converts to his or her own use, or takes or secretes with the intent to convert to his or her own use without the consent of his or her principal, any money or other personal property of his or her principal that has come to that person's possession or that is under his or her charge or control by virtue of his or her being an agent, servant, employee, trustee, bailee, or custodian, is guilty of embezzlement.

(2) If the money or other personal property embezzled has a value of less than \$200.00, the person is guilty of a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than \$500.00 or 3 times the value of the money or property embezzled, whichever is greater, or both imprisonment and a fine.

(3) If any of the following apply, the person is guilty of a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than \$2,000.00 or 3 times the value of the money or other property embezzled, whichever is greater, or both imprisonment and a fine:

(a) The money or other personal property embezzled has a value of \$200.00 or more but less than \$1,000.00.

(b) The person violates subsection (2) and has 1 or more prior convictions for committing or attempting to commit an offense under this section or a local ordinance substantially corresponding to this section.

(c) The person violates subsection (2) and the victim is a nonprofit corporation or charitable organization under federal law or the laws of this state.

(4) If any of the following apply, the person is guilty of a felony punishable by imprisonment for not more than 5 years or a fine of not more than \$10,000.00 or 3 times the value of the money or other property embezzled, whichever is greater, or both imprisonment and a fine:

(a) The money or other personal property embezzled has a value of \$1,000.00 or more but less than \$20,000.00.

(b) The person violates subsection (3)(a) or (c) and has 1 or more prior convictions for committing or attempting to commit an offense under this section. For purposes of this subdivision, however, a prior conviction does not include a conviction for a violation or attempted violation of subsection (2) or (3)(b).

(c) The person violates subsection (3)(a) and the victim is a nonprofit corporation or charitable organization under federal law or the laws of this state.

(5) If any of the following apply, the person is guilty of a felony punishable by imprisonment for not more than 10 years or a fine of not more than \$15,000.00 or 3 times the value of the money or other property embezzled, whichever is greater, or both imprisonment and a fine:

(a) The money or other personal property embezzled has a value of \$20,000.00 or more but less than \$50,000.00.

(b) The person violates subsection (4)(a) or (c) and has 2 or more prior convictions for committing or attempting to commit an offense under this section. For purposes of this subdivision, however, a prior conviction does not include a conviction for a violation or attempted violation of subsection (2) or (3)(b).

(c) The person violates subsection (4)(a) and the victim is a nonprofit corporation or charitable organization under federal law or the laws of this state.

(6) If the money or other personal property embezzled has a value of \$50,000.00 or more but less than \$100,000.00, the person is guilty of a felony punishable by imprisonment for not more than 15 years or a fine of not more than \$25,000.00 or 3 times the value of the money or property embezzled, whichever is greater, or both imprisonment and a fine.

THE MICHIGAN PENAL CODE (EXCERPT)
Act 328 of 1931

750.175 Embezzlement by public officer, agent or servant; penalty.

Sec. 175.

Embezzlement by public officer, his agent, etc.—Any person holding any public office in this state, or the agent or servant of any such person, who knowingly and unlawfully appropriates to his own use, or to the use of any other person, the money or property received by him in his official capacity or employment, of the value of 50 dollars or upwards, shall be guilty of a felony, punishable by imprisonment in the state prison not more than 10 years or by fine of not more than 5,000 dollars.

In any prosecution under this section the failure, neglect or refusal of any public officer to pay over and deliver to his successor all moneys and property which should be in his hands as such officer, shall be prima facie evidence of an offense against the provisions of this section.



THE MICHIGAN PENAL CODE (EXCERPT)
Act 328 of 1931

750.214 Extortion by public officers.

Sec. 214.

Extortion by public officers—Any person who shall wilfully and corruptly demand and receive from another for performing any service, or any official duty, for which the fee or compensation is established by law, any greater fee or compensation than is allowed or provided for the same, and any public officer, for whom a salary is provided by law in full compensation for all services required to be performed by him, or by his clerks or deputies, who shall wilfully and corruptly demand and receive from any person any sum of money as a fee or compensation for any services required by law to be performed by him in his said office, or by his clerks or deputies, shall be guilty of a misdemeanor; but no prosecution for such offense shall be sustained unless it shall be commenced within 1 year next after the offense was committed.

THE MICHIGAN PENAL CODE (EXCERPT)
Act 328 of 1931

750.478 Willful neglect of duty; public officer or person holding public trust or employment; penalty.

Sec. 478.

When any duty is or shall be enjoined by law upon any public officer, or upon any person holding any public trust or employment, every willful neglect to perform such duty, where no special provision shall have been made for the punishment of such delinquency, constitutes a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than \$1,000.00.

CONTRACTS OF PUBLIC SERVANTS WITH PUBLIC ENTITIES (EXCERPT)
Act 317 of 1968

15.322 Public servant; soliciting, negotiating, renegotiating, approving, or representing a party to a contract with public entity prohibited.

Sec. 2.

(1) Except as provided in sections 3 and 3a, a public servant shall not be a party, directly or indirectly, to any contract between himself or herself and the public entity of which he or she is an officer or employee.

(2) Except as provided in section 3, a public servant shall not directly or indirectly solicit any contract between the public entity of which he or she is an officer or employee and any of the following:

(a) Him or herself.

(b) Any firm, meaning a co-partnership or other unincorporated association, of which he or she is a partner, member, or employee.

(c) Any private corporation in which he or she is a stockholder owning more than 1% of the total outstanding stock of any class if the stock is not listed on a stock exchange, or stock with a present total market value in excess of \$25,000.00 if the stock is listed on a stock exchange or of which he or she is a director, officer, or employee.

(d) Any trust of which he or she is a beneficiary or trustee.

(3) In regard to a contract described in subsection (2), a public servant shall not do either of the following:

(a) Take any part in the negotiations for such a contract or the renegotiation or amendment of the contract, or in the approval of the contract.

(b) Represent either party in the transaction.

POLITICAL ACTIVITIES BY PUBLIC EMPLOYEES (EXCERPT)
Act 169 of 1976

15.402 Employee of state classified civil service; permissible political activities; leave of absence.

Sec. 2.

An employee of the state classified civil service may:

(d) Engage in other political activities on behalf of a candidate or issue in connection with partisan or nonpartisan elections.

POLITICAL ACTIVITIES BY PUBLIC EMPLOYEES (EXCERPT)
Act 169 of 1976

15.404 Active engagement in permissible activities; certain hours prohibited.

Sec. 4.

The activities permitted by sections 2 and 3 shall not be actively engaged in by a public employee during those hours when that person is being compensated for the performance of that person's duties as a public employee.



MICHIGAN CAMPAIGN FINANCE ACT (EXCERPT)
Act 388 of 1976

169.257 Contributions, expenditures, or volunteer personal services; prohibitions; civil action; use of public funds or resources for communication referencing local ballot questions; violation as misdemeanor; penalty.

Sec. 57.

(1) A public body or a person acting for a public body shall not use or authorize the use of funds, personnel, office space, computer hardware or software, property, stationery, postage, vehicles, equipment, supplies, or other public resources to make a contribution or expenditure or provide volunteer personal services that are excluded from the definition of contribution under section 4(3)(a). The prohibition under this subsection includes, but is not limited to, using or authorizing the use of public resources to establish or administer a payroll deduction plan to directly or indirectly collect or deliver a contribution to, or make an expenditure for, a committee. Advance payment or reimbursement to a public body does not cure a use of public resources otherwise prohibited by this subsection. This subsection does not apply to any of the following:

(a) The expression of views by an elected or appointed public official who has policy making responsibilities.

(b) Subject to subsection (3), the production or dissemination of factual information concerning issues relevant to the function of the public body.

(c) The production or dissemination of debates, interviews, commentary, or information by a broadcasting station, newspaper, magazine, or other periodical or publication in the regular course of broadcasting or publication.

(d) The use of a public facility owned or leased by, or on behalf of, a public body if any candidate or committee has an equal opportunity to use the public facility.

(e) The use of a public facility owned or leased by, or on behalf of, a public body if that facility is primarily used as a family dwelling and is not used to conduct a fund-raising event.

(f) An elected or appointed public official or an employee of a public body who, when not acting for a public body but is on his or her own personal time, is expressing his or her own personal views, is expending his or her own personal funds, or is providing his or her own personal volunteer services.

(2) If the secretary of state has dismissed a complaint filed under section 15(5) alleging that a public body or person acting for a public body used or authorized the use of public resources to establish or administer a payroll deduction plan to collect or deliver a contribution to, or make an expenditure for, a committee in violation of this section, or if the secretary of state enters into a conciliation agreement under section 15(10) that does not prevent a public body or a person acting for a public body to use or authorize the use of public resources to establish or administer a payroll deduction plan to collect or deliver a contribution to, or make an expenditure for, a committee in violation of this section, the following apply:

(a) The complainant or any other person who resides, or has a place of business, in the jurisdiction where the use or authorization of the use of public resources occurred may bring a civil action against the public body or person acting for the public body to seek declaratory, injunctive, mandamus, or other equitable relief and to recover losses that a public body suffers from the violation of this section.

(b) If the complainant or any other person who resides, or has a place of business, in the jurisdiction where the use or authorization of the use of public resources occurred prevails in an action initiated under this subsection, a court shall award the complainant or any other person necessary expenses, costs, and reasonable attorney fees.

(c) Any amount awarded or equitable relief granted by a court under this subsection may be awarded or granted against the public body or an individual acting for the public body, or both, that violates this section, as determined by the court.

(d) A complainant or any other person who resides, or has a place of business, in the jurisdiction where the use or authorization of the use of public resources occurred may bring a civil action under this subsection in any county in which venue is proper. Process issued by a court in which an action is filed under this subsection may be served anywhere in this state.

(3) Except for an election official in the performance of his or her duties under the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, a public body, or a person acting for a public body, shall not, during the period 60 days before an election in which a local ballot question appears on a ballot, use public funds or resources for a communication by means of radio, television, mass mailing, or prerecorded telephone message if that communication references a local ballot question and is targeted to the relevant electorate where the local ballot question appears on the ballot.

(4) A person who knowingly violates this section is guilty of a misdemeanor punishable, if the person is an individual, by a fine of not more than \$1,000.00 or imprisonment for not more than 1 year, or both, or if the person is not an individual, by 1 of the following, whichever is greater:

(a) A fine of not more than \$20,000.00.

(b) A fine equal to the amount of the improper contribution or expenditure.

3

Identify which officials/employees had surety/fidelity bonds and review the bond coverage and terms. Evaluate whether the evidence detailed in this report may qualify for the City to claim bond money to recover from financial impacts. When reviewing, determine if bond coverage is adequate going forward. Consider if the City is requiring enough coverage from individuals in critical positions in charge of the purchasing, contract, and financial processes and controls.

Consider if there were other insurance coverage policies that would allow the City to recover from financial impact losses. Determine if insurance coverage pertaining to fidelity, negligence, and other dereliction of duties are adequate going forward or if additional coverage is needed.



	<p style="text-align: right;"> SHARE</p> <p>3.121 Bonds</p> <p>The Council may require any appointee or employee to give a bond for the faithful performance of duty, in such amount as it may determine, and the premium thereof shall be paid by the City.</p> <p>An appointee or employee, required by law, this charter, ordinance or resolution to give a bond, shall not enter upon or continue duties of the office or employment until such bond has been duly filed, and approved and recorded.</p> <p>All bonds shall be approved by the Council and filed with the Clerk, except the bond of the Clerk, which shall be filed with the Treasurer.</p> <p>All required bonds shall be surety company bonds.</p>
4	<p>A City official or employee should follow-up with the Sheriff’s Office regarding the ongoing investigation into the referral from the City Attorney on January 7, 2022. The City should liaise with the Sheriff’s Office throughout the investigation, until an outcome is identified.</p> <p>During the forensic audit, an email was sent to the Captain for information on June 16, 2022, and discussions were had with a Lieutenant and a Sergeant regarding the investigation on June 17 and June 28, 2022; however, the Sheriff’s Office would not share details about the investigation and indicated it was still “ongoing”.</p>
5	<p>The City may prepare, deliver, and publish a formal statement of disapproval to condemn (Censure) suspected individual(s) who contributed to and/or perpetrated potential violations of law, non-compliance with governing documents, non-adherence with standard practices, negative financial impacts, dereliction of duties, abuses of public trust and power, and other offenses related to misconduct.</p> <p>If the City does not have a Censure policy, establish a process for the explanation and use of censure, including situations where a declaration of disapproval or harsh criticism would be appropriate, and who may initiate and vote for censure. Align policy with the City’s code of conduct, ethical and anti-corruption policies, oaths and obligations of duties.</p> <p>Example of a Censure policy at another City: https://www.ci.manteca.ca.us/Mayor-Council/Council%20Policies/C-8%20Censure%20Policy.pdf</p>



Contract Practices

1	Centralize the locations for retention of <u>all</u> contracts/agreements/memorandums of understanding (“contracts”) for all City departments and offices. All contracts should be on file with at minimum the Finance Department and the City Clerk’s Office.
2	Scan all contracts in their entirety in Laserfiche. Establish a quality control check on scans to ensure documents are viewable with no scanning/computer formatting errors.
3	Contract records should match between 1) What is recorded in the Clerk’s office, 2) On file in the Finance Department, and 3) What is scanned to Laserfiche. There should be a continuous/iterative quality control check to ensure all contracts are properly recorded, filed, and scanned.
4	In order for contracts to be considered valid for payment, the contracts must be duly executed (signed by Executive Officer and authorized by City Council when required) or else the vendor invoices should be rejected, and resubmitted when there is a valid contract (exception for emergency where allowable).
5	<p>Require minimum standard legal language and stipulations that must be included in <u>all</u> contracts the City executes, regardless of amount. Examples:</p> <ul style="list-style-type: none"> • Requirements for all vendor invoices to be reasonably itemized and detailed to be accepted by accounts payable for processing (otherwise invoice will be rejected) • Transferability of contract if the contractor’s business changes ownership, management, or key personnel, including recourse if the City does not wish to continue the services/goods under the new ownership/management/key personnel • Disclosure and criteria for disqualification of contractors (and sub-contractors), including when there are conflicts of interest, and define what constitutes a conflict or disqualification • Anti-corruption statement/clause, and define what constitutes corruption • Requirement to cooperate with a City approved audit, investigation, and/or inquisition • Expressly indicated what actions by a contractor would be prohibited/unacceptable performance that would lead to termination of the contract and indicate recourse options by the City (including claw-back/refunding the City): <ul style="list-style-type: none"> ○ Example of claw-back: Tax Abatement not meeting expectations/promises/projections ○ Example of a refund: City invoices the vendor for the amount due back to the City • Company/individual contracted must be in good standing (not delinquent) on taxes owed to the City (property and income taxes)
6	<p>Create a policy or approve an ordinance requiring a disciplined contractual management process that is iterative and calendar oriented. The contract management process should be designed to:</p> <ul style="list-style-type: none"> • Ensure contracts are retained properly • Establish City internal deadlines for decision-making of all contracts expiring in the upcoming fiscal year • Avoid emergencies of publicly provided services • Prevent default of contracts • Allocate reasonable time for bidding, purchasing, and contract negotiation



	<ul style="list-style-type: none"> • Mandatory reporting of contract price/cost overruns, contractual provision violations, major changes to services/goods and management/ownership, and insourcing/outsourcing • Establish contingency plan(s) for situations such as – <ul style="list-style-type: none"> ○ Contracts ending before new services/goods/other essential public needs are acquired ○ Vendor closes, quits, refuses, or ceases to perform services or to supply goods
7	Publish <i>all</i> contracts, agreements, memorandums of understanding, and grants awarded and disbursed (former and current versions) to the City website and for all dollar amounts awarded (including paid-for, free, gratuitous, in-kind).
8	Publish annual reports by Vendor (Vendor Ledger by fiscal year) to the City website that contains all contractors paid at least \$10,000 during the fiscal year. Report details should include: Vendor Name, total amount paid, date of payment, financial system general-ledger fund and line number, and description/details of invoice/services.
9	Require that City Council approve and/or three City officers approve contracts that have complex financial pricing and/or when contracts have a variable dollar amount. Examples include profit, revenue, or cost sharing agreements. For contracts with unique or complex terms, create a written procedure or process document that will ensure compliance and oversight with contract provisions. Ensure contract terms indicate required reporting cadences, when and how to remediate situations where financial amounts are in dispute, and consequences for violations of term pricing.
10	Require that all contracts executed have 1) Date contract is effective, 2) Date when each signature is affixed to the contract for execution, 3) All signatures on contracts in excess of \$10,000 a fiscal year be witnessed and stamped by a notary public.
11	<p>Establish written service level agreements (SLAs) between sub-committees, committees, commissions, and other public advisory groups for when they make and/or receive formal recommendations to and/or from the City’s Executive Office and/or City Council.</p> <p>SLAs should have a minimum and/or maximum duration of time (timeline), and include processes to escalate, handling permissible exceptions to timelines, and consequences for not performing duties timely.</p> <p>Example: City Council authorizes a contract in a Resolution, and the Executive Office must duly execute the contract within a 15-calendar day duration. If not executed by the 15th calendar day, the Resolution is null and voided for the City Council to reauthorize.</p> <p>Example: Planning Commission recommends a matter for the City Council to consider, and the City Council must hear and/or act on the matter within 1 month.</p>



Control Practices

Require that invoices received by Accounts Payable must meet required minimum standards or else the invoice is *rejected before* check proof run, and payment will not be generated. Invoices are suggested to contain at minimum the following details:

- Dates: Invoice Date, Work Services Date Range, Good Delivery Dates
- Dollar amount(s) in U.S. Dollars
- Company/Individual name, *must match*:
 - The exact name on IRS Form W-9 on file at the City
 - The exact name of the company/individual on the contract, agreement, MOU, grant
- Company/Individual *physical* address (*and mailing* address)
- Company telephone number
- Company email
- Unique invoice number (no duplicate invoice numbers)
- Itemization that includes a breakdown of work performed/goods provided/ during invoiced dates. Supporting documentation can include:
 - Sub-total dollar amount details, if there are varying rates of services/cost of units, taxes, and expenses
 - Description of unit/time metrics, performance statistics, summary, pictures, report, or other supporting information to justify services provided/good supplied
- Company/individual: Must be licensed and permitted (when required by contract or laws)
- All invoices should be officially date/time stamped (electronically or physically) by the Finance Department when received
 - Invoices must have been received before a reasonably established cut-off time before the AP process is commenced
 - Expedited payment of invoices must have a justifiable written reason that is approved by three City officers
- Other exceptions to the Invoice Policy should be documented and approved by three City officers before the invoice is accepted for payment
- AP, Controller, Deputy Finance Director, and Finance Director each have the unilateral authority to reject invoices they deem to be in violation of Policy (recourse to an invoice being rejected would be “exception process” or the Invoice being resubmitted with corrections that comply with Invoice Policy)
- Corresponding purchase order cannot have been unilaterally approved by the person who entered the purchase order/change order

1

Implement controls to manage travel expenses to ensure legitimacy for travel needed to conduct City business or to obtain training. Require that travel expenses are substantiated with a summary of why expenses were justified and how the travel benefited the City. Examples include:

- Conference materials of what was learned/covered be provided to the Finance Department
- Criteria for decision-making of the most cost-effective method of attendance
 - Virtual attendance (when this should be chosen)

2



	<ul style="list-style-type: none"> ○ Reimbursable mileage by vehicle (instead of air travel or virtual) ○ Air travel (instead of vehicle mileage or virtual) ● Supporting documentation for mileage reimbursements, to/from locations, and route driven ● Reason for non-emergency modifications for travel (and no-show fees/costs) ● Reason for travel not directly to/from the City (including extended layovers) ● Reason for not traveling to/from the day before or after end of the event (including extended stays) ● Written explanation for the need of reasonable accommodation to incur expenses above the most reasonable cost option, such as upgrade seating on airplane, baggage, transportation and lodging services ● Meals and incidentals (M&I) for travel should follow GSA approved rates, and not be individually reimbursable items ● Lodging rates should follow GSA approved rates ● Written disclosure whether there was a companion traveler and statement about their reason for their attendance ● Disallow City spending on travel for pleasure and define disallowable cost examples, such as entertainment and leisurely activities
3	<p>Establish a process for quarterly communications from the Executive Office and/or Finance Department to City Council about discretionary spending and management of financials, specifically for topics that were not otherwise covered in City Council meetings during the quarter. The supplementary discretionary spending and management of financials report is suggested to:</p> <ul style="list-style-type: none"> ● Be an Executive Office communication provided in a “Communication from the Mayor” to City Council and/or the Finance Department prepare a report/presentation for City Council meeting packet materials ● Include explanation of discretionary spending and/or money movements that the Executive Office deemed to be executed within their authority of daily operations and spending limits. The purpose of the communication is for <i>transparency purposes only</i>. Examples are: <ul style="list-style-type: none"> ○ Include services/products purchased, vendor/contractor name, and reason for the purchase, amount spent, and fiscal year-to-date amounts paid ○ Include amounts of money repurposed from budget line-items to other budget line-items to pay for services/products (including within the general fund, and within the same other funds) and an explanation for why that shifting was allowable and proper ○ Upcoming potential projects, improvements, opportunities, or challenges that the Executive Office/Finance Department are financially preparing for and/or is aware of that may reasonably occur within two-fiscal years and that will impact financial revenue/expenses of \$500,000 or more in a fiscal year
4	<p>Proper Administration staffing and filling of critical financial functions/processes are recommended to prevent the likelihood of control breakdowns to ensure safekeeping of public funds. The following roles/positions were demonstrated to be the most critical to ensure financial controls at the City are</p>



	<p>reliable, functional, and effective. It is suggested that when there is a vacancy a person be placed in an acting/interim capacity, and that when there is an interim acting individual their tenure be short-term temporary under 1 year. Some of these positions may be outsourced when 1) allowed, 2) within risk tolerability, and 3) financially prudent. Critical positions/roles for purchasing, contracting, and financial controls are:</p> <ul style="list-style-type: none"> • Mayor • Deputy Mayor • Finance Director • Deputy Finance Director • Treasurer • Deputy Treasurer • Controller • Accounts Receivable • Accounts Payable • City Attorney • Purchasing Officer • Internal Auditor • Department Heads
5	<p>Individual who authorized the expense should not be the sole approver of the expense. An example is that credit cardholders must not approve their own credit card expenses.</p>
6	<p>The Finance Department should have online bank access to credit card spending and be able to download bank statements/transactions as needed.</p>
7	<p>Reconciliation activities must be performed by a different person than who entered the transactions into the financial system.</p>
8	<p>Utilize a stenographer to transcribe public meetings (word for word) to capture the dialogue of meeting participants.</p> <ul style="list-style-type: none"> • The transcript should <i>not</i> replace the official meeting minutes that are kept by the City Clerk, but are meant to assist the public in understanding the official record. • Publish all transcripts in a designated area on the City’s website and/or the City Clerk’s website, make the webpage location obvious and easy to locate. • Suggested that stenographer/transcription services are allocated to the City Clerk’s budget as they are the official record keeper.
9	<p>Establish a fraud, waste, and abuse hotline/tip-line for the public to report concerns for the City and a process for the City to handle public concerns:</p> <ul style="list-style-type: none"> • A telephone number that goes directly to a voicemail box • A section on the City website where people can send a communication in writing (with ability to attach files) • Allow for people reporting to remain anonymous



	<ul style="list-style-type: none"> • Publish posters on public property and details in City communications to implement this process • Draft an official policy for how the concerns/allegations are handled in a consistent and fair manner • Can be outsourced or managed by independent auditor/lawyer
--	--

10	City security video footage be retained for no less than 1 year.
----	--

Policy and Procedures Revisions and Implementation

1	<p>Enhance purchasing, contract and financial policies and controls. Policy improvements suggested:</p> <ul style="list-style-type: none"> • Expressly <i>prohibit evading and willful non-compliance</i> with all legal and enforceable City Council ordinances/resolutions, and City established purchasing, contracting, and financial policies: <ul style="list-style-type: none"> ○ Reinforce that the Mayor’s recourse is their veto of an ordinances/resolutions they do not agree with 3.112 (f) and any other legally allowable recourse options • Disallow total expenses being structured into contracts and purchases less than the spending limits. • Expressly define “professional service contracts” (2-521) Professional Service Contracts, as it is subject to interpretation. • Expressly define 2-521(a) legal and accounting service exception, such as to be applicable <i>only</i> with licensed firms that practice law and public accounting; the present exception language “legal and accounting services” is subject to interpretation. • Establish discretionary purchase limits specifically for outsourcing City services, operations, and/or employees to individuals, businesses, groups, organizations, foundations, and nonprofits. • Determine when it is allowable for the City to accept donations and gratuitous services/goods and require a contract for those situations; contracts for donations and gratuitous should have an anti-corruption clause. • Determine when it is allowable for the City to accept “in-kind” services/goods/financial support/grants/assets/securities or other item of value that is tangible or intangible, and require a contract for those situations. • Determine when it is allowable for City elected officials, officers, management, and employees to enter into agreements, to accept or be placed into partnerships, sponsorships, commissionerships, conservatorships, or to make recommendations that may be perceived as a testimonial from the City and/or other public body part of the City’s business. Examples include when it is permissible for those with the City to: <ul style="list-style-type: none"> ○ Host/speak at events and conferences ○ Participate in sponsorships, donations, gratuities, grants, and other awards ○ Conservatorships of land or real estate ○ Professional reference for a contractor who did/does business with the City ○ A person to hold multiple positions on public bodies and agencies ○ A person to own, work for, or have a personal interest in personal companies doing business with the City
---	---



	<ul style="list-style-type: none"> • Expressly detail consequences for violations, such as personal financial liability for negligence and/or malfeasance. • Define dereliction of duty, including instances that may be deemed to be dereliction, and consequences.
2	<p>Establish a zero tolerance policy for intentional circumvention and violation of policies, procedures, and provisions pertaining to purchasing, contracting, financial, and ethical/integrity. Expressly detail consequences for violations including, examples:</p> <ul style="list-style-type: none"> • Required training (to correct a violation due to a genuine <i>error</i> that was not intentional) • Written reprimand • Termination • Requirement to refund the City for financial losses resulting from negligence/malfeasance – <ul style="list-style-type: none"> ◦ City should invoice the individual for the amount due back to the City and pursue collection efforts • Public notice/disclosure (such as press release) about the incident, perpetrator, and City actions to recover and correct going forward • Referral to law enforcement and/or other investigation, audit, or inquisition as needed
3	<p>Create a reasonable “exception process” where allowable; so that when an exception may be warranted, there is a process for that exception to be handled transparently, properly, and in a clearly predefined and consistent manner. Have a consistent tracking method for exceptions and centralized retention of the supporting documentation regarding the exception. Example of a possible exceptions processes:</p> <ul style="list-style-type: none"> • Retroactive contract execution after work services were performed by a reputable/licensed company/person, and was retroactive due to a real or perceived emergency or other legitimate justifiable reason that is documented • When an ordinance/resolution is passed by City Council and the Mayor is advised by the City Attorney that the ordinance/resolution is illegal or unenforceable • When City Council and/or City Clerk is advised by the City Attorney that purchases, contracts, financial transactions, and/or conduct by the Executive Office are illegal and/or negligent
4	<p>All policies and procedures (former and current versions) be compiled and retained in: 1) The City’s computerized shared drive, 2) A designated area on the City website, 3) City Clerk’s Office, and 4) a printed book in every Department, openly available to review by anyone.</p>
5	<p>Annual review and acknowledgment of policies and procedures specifically pertaining to the person’s role at the City: City elected officials, City Directors and Leadership, City employees, and City contractors. Collect and retain signed acknowledgements the individual understands and will comply.</p>
6	<p>Require individuals on the City’s payroll to have direct deposit and/or payroll cards, and cease issuing City paper-based payroll checks [consider MCL 408.476(4)(et al.): Wages; payment methods; deposit of employee’s wages in bank; employees required to receive wages through direct deposit or payroll cards]</p>



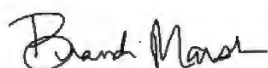
Enclosure

The City will receive one electronic file of this report.

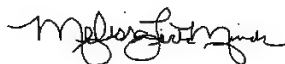
Specific evidence can be provided to the City upon request.

Marsh Minick may subsequently provide the City with an addendum or amendment for this report when Marsh Minick determines it is necessary and at Marsh Minick's sole discretion.

Thank you,



Brandi Marsh, MS, CAMS, CFE, CFCI



Melissa Frick Minick, MS, CFE, CFCI

Marsh Minick, P.C.

Phone: 971-266-1846

Address: 17548 NW Springville Rd. #F17, Portland, OR 97229

Email: Info@MarshMinick.com

Website: www.MarshMinick.com

Disclaimer

Marsh Minick, P.C. is a Financial Crime Consultancy. The findings, analysis or recommendations offered in any report or communication are consultative and instructive only. Marsh Minick, P.C. does not and cannot provide legal advice or legal interpretation of the law or enforcement of laws. Marsh Minick, P.C. is not licensed or registered as a public accounting firm and does not issue opinions on financial statements nor offer attestation services. Marsh Minick does not assume any responsibility or liability for losses occasioned to one or others as a result of this report. This report, accompaniments, evidence and work papers may not be subject to full public disclosure.

