

AUDIT COMMITTEE MEETING

July 25, 2019

A special meeting of the Audit Committee was held this date beginning at 3:08 p.m. at Charleston City Hall, 80 Broad Street.

Notice of this meeting was sent to all local news media.

PRESENT: Chairman, Councilmember Michael Seekings, Mayor John J. Tecklenburg, Councilmember Gary White, Councilmember Kevin Shealy, Councilmember James Lewis, Jr., Councilmember Robert Mitchell, Councilmember Marvin Wagner, Councilmember William Dudley Gregorie, Councilmember Perry K. Waring, Councilmember Peter Shahid, Councilmember Harry J. Griffin, Councilmember William Moody, Jr., and Councilwoman Carol Jackson.

Chairman Seekings opened the meeting with a moment of silence.

Chairman Seekings said, "Before we begin, fellow Councilmembers, there are just a couple of things I'd like to point out to you and seek a little bit of guidance as the Chair of the Committee. You'll see on our agenda items, numbers 3 a and b, I'd like to reverse those if you all don't mind. We're going to begin at 3 with a report from Mr. Majernik. We'll then have time for the Mayor, and then we'll go to question and answer following that unless there's an objection. My concept of how we do that after the Mayor's given his presentation is that we will give each Councilmember ten minutes for questions and answers. That will be a guideline, not a hard, fast number, but just as a guideline. The way I typed it out in my mind, and we don't do this very often, is we will go in order of seniority or either reverse, and I thought we'd go actually in reverse. So, we'll start with our most junior member and go through our most senior member for questions and see how that goes."

Councilmember Moody said, "By age or longevity?"

There was laughter in the Chamber.

Chairman Seekings said, "Well, if we go in reverse, it's the same. So, we'll hear from Mr. Majernik first. We'll then give time to the Mayor. The Mayor, I have you penciled in for 30 minutes if that suits you okay. If you don't need all of that time, I'll mercifully accept that, too. We'll then go to Councilmember questions and observations. We will then go to Item #4, which is the discussion of the Internal Auditor report. This is the second in a series of meetings that we've had. I do not know, and I don't think of any of us do until we're done today through the question and answer period and Mr. Majernik's additional information he's given us, whether we need to have a third meeting, but we will take motions at the end of this meeting to determine that. If we do need to have a third meeting to seek, among other things, guidance or advice from our Counsel, I just had penciled here, just think about it, no need to act right now, August 8th, which is two Thursdays from now at 3:00 p.m. So, given that, unless there is any procedural objections, this is just about procedure, we will begin. I'm going to call, first off, any questions, comments, concerns from my fellow Councilmembers on the Committee? Great. Alright, so first up --"

Councilmember Gregorie said, "Mine's a comment."

Chairman Seeking said, "Sure."

Councilmember Gregorie said, "I don't think we should do it this way ever again, and the reason why I say that is it places staff in a very uncomfortable position. I think it's conflicting. Anytime you're assessing your boss, for me that's problematic, and given what we say this is costing, it probably would have been better to do an independent audit. So, I'm just thinking that in the future that for staff's sake

alone, we should never ever put them in such conflicting positions because it's tough to assess your boss. I don't care who it is."

Chairman Seekings said, "I think Item 4 on our agenda will address that, and I think that's a good point. That's the point of number 4, and we will get to that in the course of this meeting, also recognizing that we do have after this meeting today, we have a Real Estate meeting, a Ways and Means Committee meeting, and a City Council meeting. So, we'd like to keep it moving forward."

Chairman Seekings recognized Councilmember Shahid.

Councilmember Shahid said, "As a comment, if we're addressing personnel matters, does that kick us into Executive Session?"

Chairman Seekings said, "We'll determine that as we go along, and we'll see what the question is. I do believe that the Internal Audit is a matter of public record, and the idea of this Audit Committee is to take in information about that report that we've gotten and any addenda that you're going to see today and ask questions about it, and we'll see where that leads, but we will all be mindful of that. If it gets to that point, I'll certainly, as the Chair, entertain a motion or suggest one. With that, Mr. Majernik, the floor is yours."

Robert Majernik, Internal Auditor said, "Thank you, Councilmember Seekings. We have received a few questions, quite a few, last Friday. I was out of the office this Monday through Wednesday taking care of my wife, so we have answered as best we could with the time that we had. So, if you guys would like to turn to page 19, we have provided an appendix to the report with as many questions that we could answer in the time we have had. So, the first question we have received, and these are in no particular order. Number 1, 'Is it usual for non-City personnel to have travel paid for by the City and then reimbursed? Would other City employees have that privilege to make that happen? Was there a correlation between the ticket bought for Lonnie Hamilton to France and the birthday party thrown using City funds, catering, and use of the facility for free?' So, what we tried to do here is answer as many questions as we could to try to limit the time later on, but we'll be happy to entertain any other questions you have as best we can. So, the answer to number one, the City typically does not engage in paying for travel expenses for non-employees, though it has happened in the past when there are recreation events. There are many reasons why it could have happened, but it's not a typical practice. The plane ticket to Flers, France, and the 90th birthday party celebration at the City Gallery were for the same individual, Lonnie Hamilton III.

The next question we received, 'How certain are you the Fresh Start program and Sister Cities are the only two instances Mayor Tecklenburg increased funding or pushed funding for an organization where Mrs. Tecklenburg acted in a leadership role?' So, each organization that submits funding for community assistance or A-Tax dollars, submits an application. With that, they have to give proof that they're a 501(c)(3). They also must give a list of their current Board of Directors. We have had staff go through all of those applications to ensure that we have everything for which you guys were on the board or listed within those reports. We have also received a list of all of the boards that the Mayor is actively on, and we are going through that, as well, to look at the funding for those, as well. The next question we have received, 'Has the Mayor agreed to pay the \$2,700 back for the take home auto, and will he be allowed to drive it home until the amount is paid?' The Mayor did contact me to verify the \$2,700 was a current amount to date and has written a check to cover that amount, which has not been deposited yet, but we do have that check covering that amount of money. The Mayor has also chosen to discontinue the use of a City vehicle as a take-home vehicle and will ensure that it's left at the City each night going forward.

The next question that we have received, 'How did the Mayor know to pay back certain amounts of monies on the days leading up to the audit report?' So, before we issued our audit report, part of this process is question and answer, and it's our due diligence to make sure that we did not miss something in

the audit beforehand. So, the business day before on Friday, July 12th, we reached out to the Mayor just to make sure as we were going through our records that we did not miss that reimbursement for those three expenses. He paid them back after we asked about it, so we did keep it in there as a finding as it was listed on the report. So, that's how that came to be.

Next up, 'Please provide information on how Jack O'Toole has come up with the audit costing over \$50,000. Aren't members of your department salaried employees?' So, the only additional expense the City has incurred was for external Counsel, which was Collins & Lacy, for the report that Michael Burchstead provided. The additional costs, we estimated we spent about two months of time on this. Our salary and fringe benefits total about \$15,800 each month, so that for the two employees was how we came up with \$31,000, but that was salaried expense. That was not additional expense that the City had paid.

Next question is 'Who did the negotiations on behalf of Lewis Walton LLC and the City, about Chernoff Newman LLC and the City, the Gullah Society, Inc. and the City, CitiBot and the City; have these individuals and their families contributed to the Tecklenburg campaign?' So, Lewis Walton was engaged by the Mayor's staff on January 25, 2016. Their founder, Ginny Deerin, did not contribute to the Mayor's campaign in 2015, but did contribute in 2019 \$100. Later in 2016, the Mayor's office staff engaged the services of Chernoff Newman to execute a plan for innovation at the City. Chernoff Newman's contract was coordinated by Phil Noble, who did provide \$600 to Mayor Tecklenburg's 2015 campaign. Next up, the contract between the Gullah Society, there is no campaign contribution by the Gullah Society. There was one board member, Joan Brian, who contributed \$400, but given the name, it is possible that was a different Joan Brian, and we can't be 100% conclusive that was the same Joan Brian. We also noted as we were looking through the Gullah Society's website that Mrs. Tecklenburg is listed on their Advisory Council, as well. Lastly, CitiBot was negotiated by the City's Procurement Division as a part of the RFP that we issued in 2018. Although there were prior communications between CitiBot and members of the Mayor's staff and outside contractor counsel, Roy Willey, we did not see any contributions by CitiBot or its principals in either campaign.

The next question we can skip over, and I'm happy to read it, asking about how much money Roy Willey charged by line item, and we have not had a chance to tabulate by item at this point, but we will work on that and send that out. Next up, 'We need information on the misspending on entitled office supplies; what were these charges, what were the real uses, and why did the department lie?' So, internal audit noted \$4,951.79 of expenditures incorrectly coded to 'office supplies.' All but two resulted in P-card transactions where they were classified by either the P-card manager within the Mayor's office division or the cardholder themselves. The following provides a summary of what we purchased with those dollars, and I grouped this by category of what each was for. So, we have coffee and hospitality supplies. That makes up \$649.94. That was for coffee, coffee cups, creamer, forks, plates, and a lot of that had to do with Coffee with the Mayor that he hosts. Next up, we have the gifts. We have \$758 expensed to gifts by the Mayor's office. We have some photo books at a cost of \$26.95, a different photo book at \$23.95 purchased on March 8th, an additional two of the \$26 photographic books, three Charleston's Impressions books at \$23.95. We have some other books, also some rice spoons. Some of these did have indication on the form that the portrait books were for the Amsterdam trip, and the rice spoons were for the Flers, France trip to give away. The Mayor's office purchased an additional couple of books in February of 2019, but there was no delineation outside of the two for Amsterdam and Flers what the use was.

Next up, we had some events. So, the Mayor's office, staff rented some chairs. The first one was for a Church Creek Drainage Study public meeting held at the Citadel Mall on September 31, 2017. It cost about \$433.21. The Mayor's office rented an additional 250 chairs for a Low Battery Wall event held at Memminger Auditorium, as well as a \$500 rental fee for the Memminger Auditorium. We also have meals, which we've already discussed, and some of the meals were missing some documentation that we've gone through. Overall, there were \$1,439.24 in meals that were coded to office supplies. We had \$585 for dues

and subscriptions, one for Mr. Josh Martin's APA membership, as well as \$49.95 for the Mayor's Office subscription to the Charleston Regional Business Journal. Lastly, there was a \$7.00 fee for parking where an employee left their badge and had their P-Card charged with the parking to get out of the garage.

Next question we had is 'Did Roy Willey and Sandy Tecklenburg have access to the Mayor's e-mail address?' We have no evidence or proof that Roy Willey or Mrs. Tecklenburg had access to the Mayor's e-mail. We've asked the Mayor, and he had responded that she had not had any kind of access to his e-mail.

Next question was 'Was Mike Whack a member of the campaign and also in office now?' The only documents that we have are based on the spending reports that were submitted to the South Carolina Ethics Commission. There were no monies paid to Michael Whack although he may have volunteered on the campaign, but we don't have any knowledge of that, not firsthand knowledge.

Next up, we have 'What are the recommendations for next steps regarding the items that were identified potential Ethics Acts violations,' and we are going to defer that to legal counsel, as well as the next question, the next steps regarding the tax dollars without a public purpose. So, we'll defer those two questions to legal as they'll be better suited to answer those. We have one more question that's a couple of parts, and we have not had time to dive into this yet, but it's asking about, again, the Mayor's service on the boards, if he has received monies from those positions, and the City's staff involvement with campaigns. Given the time that we've received, we have not had a chance to fully answer that. We have provided what we have so far, but will dive deeper into that in the coming weeks. So, with that, those are the questions we've received as of last Friday. If you guys have more, we'll be happy to help where we can.

Chairman Seekings asked, "Are there any deletions, additions, or edits in the draft that you've given us that include those questions?"

Mr. Majernik said, "There are no changes to the report itself other than adding the appendix onto the end."

Chairman Seekings said, "We're going to hand this over to the Mayor. Then, we're going to get into all of the questions for him if that's okay. So, Mr. Mayor, the floor is yours. We're going to put the timer on you."

Mayor Tecklenburg said, "I don't need that much time."

Chairman Seekings said, "Thank you."

Mayor Tecklenburg said, "Thank you, Mr. Chairman. First, I'd like to thank Robert Majernik, who's really done a very thorough job. I'm told that every piece of paper for four years was looked through. So, thank you for that, and I'm also thankful that upon this review, that there are a number of procedures that have been identified that will lead to some process improvement. We all have room for improvements, and this audit will allow us to implement some changes that will make some process improvements for the City like we do in many other areas. I did want to comment on just a couple of things from the cover letter of the report. One of them addresses one of the questions that one of the Councilmembers asked where you stated that as of today the Mayor has not received a preliminary draft, nor has he had the opportunity to respond to any findings therein. I just want to point out that Mr. Majernik, as he just mentioned in the response to the question, that he met with me as part of the audit, and no draft was ever presented to me prior to our meeting here as a Committee, but he did ask the questions about those few travel expenses, which then prompted me to make the two payments to him because it was clear when I looked through it that those items had been inadvertently unpaid. So, just for the record, the cover letter also stated regarding numerous e-mails between my son and my wife and myself, listed my other son's name, John Henry

Tecklenburg, but in fact, the e-mails should refer to my son Joseph Tecklenburg. So, I'm just going to go down the audit report kind of finding by finding if you want to follow by the findings.

We start with 19.005, number one. This is a combination of items where the observation is made that they did not feel that a public purpose had been identified, so I want to identify what those public purposes are. So, first Dr. Ade Ofunniyin, he's commonly known as Dr. O., is a native Charlestonian and the grandson of legendary blacksmith Philip Simmons. He has a Masters and PhD in archaeology and adjunct professor at the College of Charleston. He is the founder and director of the Gullah Society and has worked with the City on our annual Kwanza celebration and played the leading role in the City's efforts to reinter the remains of 36 individuals of African descent, maybe 35 and one Native American, uncovered during the recent Gaillard reconstruction. As part of this effort, Dr. O garnered the support and additional funding and resources from the National Geographic Foundation and the University of Pennsylvania. This allowed for DNA testing, which otherwise would not have been done for the remains, and a number of our citizens also had DNA testing, leading to a fuller understanding of the African diaspora, and its impact here in Charleston. All of this research has benefits to our City and citizens and aptly ties into efforts of the International African American Museum. He had also traveled extensively in Africa, Nigeria, and Kenya. His PhD research and dissertation investigated religious and spiritual development practitioners in the African diaspora. Given his work within the City, particularly with the reinterment, I asked him to be an honorary Ambassador to the African diaspora.

Jim French, founder of the Chronicle Communications, honorably served for 20 years in the United States Navy, including service in Vietnam. He earned the bronze star and a presidential citation. He founded the Charleston Chronicle and operated it for 45 years, which is now proudly continued by his grandchildren. The Chronicle has served as a community resource and service to the City of Charleston, particularly to our African American community. Mr. French has also been awarded the State's highest civilian honor, the Order of the Palmetto. He endured some challenging times, but persevered to provide a needed community voice and resource, and on the occasion of his 90th birthday celebrating 45 years of commitment to the City of Charleston, five public agencies honored Mr. French in the October 2016 edition of The Chronicle, which included our ad, which included the names of our City Councilmembers, the City of Charleston, Trident Technical College, Charleston County, and the Charleston County School District. All placed similar ads honoring not just Mr. French, but the community service of The Chronicle newspaper.

Jonathan Green is considered one of the most important contemporary painters of the South, and particularly of the Gullah experience. His amazing artwork earned him the NAACP Key of Life award in 2009, and earlier this year was recognized by the US Conference of Mayors for his many efforts with the City of Charleston. Jonathan serves as Chair of the City of Charleston's Arts Commission and is active in the MOJA Festival. He conceived and directed the Requiem for Rice project to commemorate the contributions of enslaved African Americans. He has contributed to Spoleto Festival with designs for an amazing Porgy and Bess production two years ago and has provided public art at Sanders Clyde Elementary School in our City. I'm honored that Jonathan Green is willing to volunteer his service as Charleston's honorary ambassador of the Arts.

Lydia Cotton is a native of Puerto Rico and has lived in the Charleston area for 29 years and is an incredible bridge builder with the underserved Hispanic community in our region. She serves on the City of Charleston's Mayor's Commission on Homelessness, as well as the City's Commission on Women. She serves both cities, the City of North Charleston and the City of Charleston, as a liaison to the local Hispanic community, and we benefit from her outreach. I am honored to have her volunteer service to the City and honor her as an Ambassador to the Hispanic community.

Lonnie Hamilton has lead a lifetime of service to the Charleston community as an educator and elected official. In 1970, Mr. Hamilton became the first elected African American to serve on Charleston

County Council. He served until 1994 for 24 years, two stints as Chairman, and led such efforts as creating our County's recycling program. Yes, a reception was held in conjunction with the County of Charleston to honor his community service. Tom Tisdale managed the finances for the event. Charleston County paid \$2,500 towards the honor, substantially more than the City's \$1,000, along with private donations. After all was said and done, Mr. Hamilton split the excess funds. It was less than \$1,000 between MUSC Children's Hospital and Calvary Episcopal Church on Line Street.

We joined with the Charleston Area Convention and Visitors' Bureau to host a hero's welcome and reception and weekend of thanks to those three Alabama heroes who by the grace of God saved the life of a young Charlestonian who had been kidnapped and whose family had been brutalized. The reception also thanked the FBI, the US Coast Guard, the numerous law enforcement and public safety officials who participated in this remarkable recovery. Expenses were shared with the (Charleston) Area Convention and Visitors' Bureau. We were responsible for the airfare and part of the reception. Unfortunately, I checked flights to Atlanta the other day. It's crazy. You can fly to Los Angeles for a third of what you can get a ticket to Atlanta for. Same thing applies if you try to fly to Alabama or fly here from Alabama. The prices were very expensive, and after a number of solicitations, I did attempt to secure a private plane, but was not able to secure one, so we proceeded to buy airline tickets to bring these heroes here for the reception. Honoring these heroes and public safety officials, it was an amazing event, I'm told, and one we should all be proud of. One of the biggest regrets during my tenure as Mayor was the fact that the only weekend that worked for these individuals to come to Charleston was the same weekend that we had already scheduled to go to the Netherlands for our study there, so I was not present at the event.

Sandy Tecklenburg's business cards, I've responded to this issue at length during a prior Council meeting, so I will just very briefly say that her commitment and service to the City of Charleston as our first lady has been remarkable in so many ways. We've attended US Conference of Mayors meetings. We've been delighted to meet other Mayors, both male and female, whose spouses are also actively engaged in their cities. I have reimbursed the City for the differential in printing costs, and I often used our joint card proudly. I would respectfully submit to you that all of these fine individuals and all of these efforts of recognition mentioned bring benefit and purpose to the City of Charleston and its citizens.

Other question costs, \$44 per diem expense. It was noted in the report that the Mayor 'was not seeking reimbursement for this day, but Finance inadvertently included it anyway.' I have repaid the \$44.00 to the City as it was never requested by me. Finding #19-005.2, Observation: 'The Mayor's office staff have charged travel for non-City personnel to the City's credit card,' the assumption being that that would be somehow out of procedure. This is the method by example prior to my being sworn in that I believe was the normal method, the modus operandi. I have an e-mail from Cathy Baker who was Mayor Riley's assistant, sent to me on December 10, 2015 as we were planning my first trip to the US Conference of Mayors' meeting in Washington D.C. in January. 'If Mayor Elect Tecklenburg plans to go, I will be happy to register him and book his flight and hotel, so that it can be paid in advance by the City.' I'll proceed one sentence more. 'If Mrs. Tecklenburg would like to accompany the Mayor Elect, just let me know. Thanks.' also offering to accommodate Mrs. Tecklenburg, as well. So, this is how I was introduced to the Mayor's travel arrangements in the City of Charleston. I would observe also that there has been an inconsistency over how reimbursements have occurred with only a dozen or so transactions. Finance has requested deductions be made from the TA-2 Form, essentially deducting Sandy's expense from my reimbursement, which is fine to do it that way. Finance has also requested payroll deductions as a method of payment, and in addition, I have written checks for reimbursement. So, with only about a dozen transactions, it was handled three different ways, and it's easy to conceive that a mix-up could occur. So, to rectify any confusion going forward, I have instructed Michelle and my staff that all travel expenses for me and Sandy will be charged to my personal American Express account. Then, it will be up to me to apply for the reimbursement, and I guess if I'm forgetful, it's on me and not on the City. To address specifically the two unpaid charges in question, January 2016 for \$214.10, it's noted in the draft report that Finance 'in paying

back Mayor's Riley's credit card, the charge was posted to Mayor's Office travel rather than due from third party, and therefore, was inadvertently omitted from reimbursement request'. Hence, no one ever asked me for reimbursement until Mr. Majernik presented this to me on July 12, 2019, at which point I promptly paid the \$214.10.

I must admit, this was a confusing arrangement. We went up to Washington. I had already fully paid for Sandy's round-trip ticket, and while we were up there, this big snow storm blew in, and in addition to that, Sandy got sick with the stomach flu. We knew we had to get on out of town, and rather than trying to make changes, we decided to just buy a new ticket and get on home as quickly as we can. So, I think that added to the confusion, as well.

The other ticket for \$234.40 for a January 2018 trip to Washington was another inadvertent omission. Admittedly, Finance notified Michelle, my assistant, via e-mail. During that week, Michelle was either on vacation or out sick, but she overlooked the e-mail when she got back and never modified my TA-2 form to deduct it from my reimbursement. So, no reminder was ever followed-up from Finance to Michelle about it. It was overlooked. I learned of this omission, again, when I met with Robert Majernik on July 12th, realized what he was presenting was correct, and immediately, or promptly made payment.

There is a \$272.37 shortfall on a \$4,095.62 reimbursement from the Town of Flers, France, which is a 6.6% shortage. Now whether that's due to some monetary exchange rate or some other reason, no one seems to know. Amy Wharton informs me that it's still being looked into. I would note to you that I combined this trip with the trip to the Netherlands, and if you look at my TA-1 preapproval for the trip to the Netherlands, it was projected that it would cost the City \$2,895 for me to go to the Netherlands. But, the actual expense was only \$1,848.34 because Flers also reimbursed my ticket, or a good portion of it, even though the primary purpose of my trip really was to go to the Netherlands. So, this saved the City \$1,046.66.

Finding #19-005.3, Fresh Start is a wonderful non-profit serving our community. Sandy is on the board and has received absolutely no compensation of any kind. I did review and made recommendations on a number of Community Assistance applications, including Fresh Start. Those applications were ultimately approved by this City Council. Upon election, I believed that as long as there was no direct financial benefit to myself or my immediate family, that I had no conflict of interest. Since that time, we have been advised by legal counsel that unless the board position was one whereby you are an official representative of the City, that a potential conflict may exist. Hence forth, as I did at our recent July 16th City Council meeting, I recused myself from voting on contractual matters related to the International African American Museum as I serve on that board. So, you may recall just recently on May 8, 2019, we received an update from our Legal Department to all of Council. In fact, we had an Executive Session this year where this matter was reviewed because I think we've all been in a learning process as to the details of what constitutes a Conflict of Interest on boards that I serve on, that many of you serve on, as well, when it comes to City approvals, both the Community Assistance grants and the Accommodations funds that we often fund to community organizations, as well.

Finding #19-005.4, yes, I authorized Sandy Tecklenburg to drive on occasion while I worked. I made phone calls. I prepared for remarks to be made going to various events. I would note, not by way of criticism, that Mayor Riley often used a police officer for such driving service, and when I first became Mayor, I followed that practice. I decided it would be a better use of a sworn officer to be in a more active duty service, and hence, by using my wife, who is a volunteer, have saved the City considerable dollars and the valuable use of a sworn officer in a more appropriate use. Mr. Majernik called me on Sunday, July 14th. This was the day before our prior Audit Committee meeting, to ask if I had ever signed a form for use of the vehicle. I replied 'no,' and I was surprised when we had the meeting here that there were charges applicable for the take home use of the vehicle. Honestly, since the day Chief Mullen provided me with a car, I just believed it was part of my 24/7 style Mayor's service, and no one ever advised me otherwise.

Upon gaining this information, I have paid the charge of \$2,700 to the City and have decided for the time being, as noted in the other questions and answers, not to use the vehicle as a take-home vehicle at this time.

Finding #19-005.5, upon becoming Mayor, former Finance Director Steve Bedard, advised me of the \$40,000 authorization limit that the Mayor enjoys. The vendors in question all provided valuable services to the City of Charleston. Lewis Walton, LLC initiated our online system to keep track of Boards and Commissions which previously had been done by hand, and the system, frankly, was out of date. Chernoff Newman proposed a strategic plan for digital economic development, many ideas from which have been implemented, including the hiring of a Chief Innovation Officer for our City. The Gullah Society, as already mentioned, did an incredible and comprehensive program of community engagement, along with the interment of the Gaillard bones which were in paid storage when I became Mayor. I think some of you attended that reinterment ceremony. It was remarkable. As noted in the report, all were in compliance with the procurement ordinance adopted by City Council in February of 2013.

Finding #19-005.6, given the dynamic nature of my schedule, I was attempting to provide a real time share of my schedule with Sandy. You would think that with today's technology that this would not be a difficult thing. As it turned out, it was impossible. We tried a City laptop. It didn't work. I turned it promptly back in. If it had worked, I would have been happy to cover any appropriate expenses.

Finding #19.005.7, in setting up our Citizens Service desk, our goal was to allow folks on all platforms to be able to communicate with the desk, be it by phone, e-mail, text, Facebook, other social media, but the cost of getting the desk up and running was a real consideration. Unfortunately, the first RFP did not properly take costs into account for this kind of service given the budget restraints. It's also evident that payment services and other extraneous services were given undo consideration. So, we rebid the RFP and got a much more responsive price for the City, saving \$205,550 over a three year contract period. That's a 286% savings.

Findings #19-005.8 through .17, Mr. Majernik's comment for these items was that 'the Mayor was likely not involved in specific details relating to the following findings.' He was correct. I do not have a P-card. I have not been involved in the specifics of how P-cards are used. I did review with Michelle after the Audit Committee meeting. She provided me with a copy of a P-card file review dated July 19, 2018, and I have a copy to be included in the report that said 'the appropriateness and legality of purchases; no illegal or inappropriate purchases were found; reconciliation of monthly statements; all statements were reconciled with receipts and signed off appropriately; dispute/resolution: no instances of disputed items were found for this review period.' That would have been the review period of early 2018, admittedly, but all I can say is the last time that we were properly reviewed for our P-card usage in the department, we got a clean bill of health. I have asked Ms. Wharton to have staff meet again with Michelle and any folks in the Mayor's office or Executive Department that use P-cards to further review the procedures that are necessary for those.

Observation #19-005.1, employees that were noted were Rick Jerue, Mike Whack, and Edward Jones. They're all excellent employees serving the City of Charleston. It's really an honor, for me, to work for them. Circumstances of their salary adjustments are noted, and similar to other employees throughout the City, I have a list three pages full of employees who had some audit of their position. They had a market analysis. They might have had a change of responsibilities, so many employees in our City have seen similar increases during the time that I was Mayor. It was also noted, of course, that Mr. Jones, the reason really was a change in status from a temp to a part time employee.

Observation #19-005.2, Mr. O'Connell ably served our City in the Planning Department and lead the effort from a staff prospective to put the City's new enforceable Short Term Rental Ordinance into place, a very critical policy improvement for our City over the last few years. He has recently taken a

higher level planning position in the City of Chico, California. He made an excellent employee for our City. Robin Griffith left the City some time ago after helping us get started and working on a number of projects. Jack O'Toole remains with us, and in my view, does a remarkable job as the City's Public Information Office. I'm honored to have them on our staff and to work with them. So, thank you, Mr. Chairman for this opportunity to review the findings of the audit, the Executive Department. I'm proud to work with all of my personal staff, and for that matter, all of the City staff and all that they do for our citizens. I love this City. I love the opportunity to serve our City. I know you all have questions that have been raised. I have provided answers to them, but in the interest of full disclosure and full transparency, I want to advise that I plan tomorrow to take the full report as completed and the full report of Mr. Burchstead and submit those reports, along with my responses, to the South Carolina Ethics Commission for their review. If there's some further question about any of these matters, it will be before them, and they can opine on that. But thank you again for this opportunity, and glad to move forward."

Chairman Seekings said, "Thank you, Mr. Mayor. Just for the record, I know you said this morning you would submit all the matters to the Ethics Commission. Is there anything you'd like to submit to be added to the minutes and to the record of this meeting?"

Mayor Tecklenburg said, "Well, I will add a written report that I just mostly read, but added a few other remarks, and I would like the e-mails from Ms. Baker from December 2015, the report on our P-Cards. I don't think I'll include the list of other employees who received pay raises because there's personnel information there."

Chairman Seekings said, "Very well. Okay, thank you. Alright, so now we're going to turn to Council. Unless there's any objection, we'll continue in the plan that we made at the very beginning, which is to start with our most junior members and move to our most senior members with questioning, and I'd note that actually Councilmember Jackson and Councilmember Griffin were elected at the same time."

Councilmember Griffin said, "And Shealy."

Chairman Seekings said, "And Shealy, so in the interest of ladies first, we'll let Councilmember Jackson begin, and then we will go from there."

Councilwoman Jackson said, "Thank you, but for the record, I am the oldest of the three."

There was laughter in the Chamber.

Councilwoman Jackson said, "I think I'm going to be saving us time. I appreciate the hard work of Mr. Majernik and the counsel, Mr. Burchstead, and the supplementary staff under Ms. Wharton's department and Ms. Herdina. I think this is a remarkable production of facts and details in a two month period, so I really, I racked my brain thinking I need to sound smart and have some intelligent question to ask, but I think they've all been asked and answered. So, thank you."

Chairman Seekings said, "Okay. Thank you very much."

Chairman Seekings recognized Councilmember Griffin.

Councilmember Griffin said, "Just as full disclosure, I know this has been mentioned before, but after we agreed as a Council to have an internal audit, I did a Freedom of Information Act on all e-mail correspondence between Mayor Tecklenburg's two e-mail addresses and his wife's e-mail address, as well as his son Joseph's e-mail address, and finally Roy Willey's e-mail address. I did that because I wanted to see whether or not there were any improprieties that were discussed via e-mail. I turned over a batch of e-mails to Mr. Majernik and the audit staff a few days prior to our last audit meeting, and I have submitted another batch today, which I'm sure have not been reviewed yet."

Mr. Majernik said, "Still working through those."

Councilmember Griffin said, "I guess my first question to you is are you able to identify as an addendum to this report who the P-card users who mislabeled the purchases as office supplies for the report, so that we know who they are."

Mr. Majernik said, "So, that would either be Michelle Hill or Robin Griffith, Kristen Young, as well."

Councilmember Griffin said, "So, I guess my first question would be to the Mayor. Mr. Mayor, why would these three individuals think it's appropriate to label gifts as office supplies? Don't you think there's some deceit in mislabeling something as office supplies to the tune of almost \$5,000?"

Chairman Seekings said, "I think this is questions for Mr. Majernik. You are free to answer if you want to. We'll certainly have some open discussion probably going forward after this."

Mayor Tecklenburg said, "The report from July 2018 showed there was no inappropriate--"

Councilmember Griffin said, "But that's not what the audit report said."

Mayor Tecklenburg said, "That's not what the audit report says. I have queried deeply into this matter, but apparently it was not just gifts. I think they were just using a general ledger number, whether they knew to distribute it to other general ledger numbers. I believe they were all legitimate expenses. They were just not classified."

Councilmember Griffin said, "Well, the perception there is that if you label it as office supplies, and you're looking at an Accounts Payable report, you're not really going to think much of it, but if you realize that there's thousands of dollars that are misclassified as office supplies, it definitely looks like there is some deceit there. So, I would think that we would look into that matter and find out why those individuals labeled that much money for gifts and other things to be taken on trips as office supplies, but all these questions that I'm asking are really to be asked to the Mayor. Am I allowed to do that?"

Chairman Seekings said, "So, the set-up we had agreed on was this would be time to ask Mr. Majernik, and then we go through that, entertain any motions, including another meeting to discuss anything that's on Council's mind, but I think the best thing to do for purposes of going around this table is let's go to Mr. Majernik, and then we will entertain any motions or suggestions from the Council and how to proceed from there if that suits you okay. I mean, I think we've got him here. This is his report. Let's get it all out on the table with any questions we've got."

Councilmember Griffin said, "Okay, well I'm just going to ask a couple more. All of my questions are really directed towards the Mayor. Mr. Majernik, do you feel like you had a fair, unbiased, easy time doing this audit, or can you just touch on some of the pressures just in the generality of this because I think that would help as we discuss another item about maybe changing the procedure about how this is done. It doesn't have to be specifics, but maybe just kind of summarize the difficulties because I know this has been difficult."

Mr. Majernik said, "So, nobody would call this easy, auditing your boss. It's just what it is. You're auditing your boss, and that inherently comes with a level of difficulty. Every time that we had answered the Mayor's questions, and we had to do so throughout the audit because there are some things that we just could not find answers to, he never withheld any information. The same can be said for the staff. Anything that we had asked for, people provided. Fellow employees provided us everything that we had asked for."

Councilmember Griffin said, "Thank you. Just a few more statements, I guess, I'll make for now, and that is, well, I guess I can ask this to you. Did you feel like the Mayor's answers just now were truly public purposes?"

Mr. Majernik said, "That's in the eye of the beholder. No one person can come up with that answer, and I think that it would take the group of all 12 of you to come up with that true answer because we all have our own opinions on what a public purpose would be. So, I don't know if that would be going to a vote, but I think that that's not fair to put that in the hands of one person to say that about their superior."

Councilmember Griffin said, "The Mayor had mentioned Dr. O and receiving business cards."

Mr. Majernik said, "Correct."

Councilmember Griffin said, "And he also stated that one of his public purposes was that he was one of the champions of the interment of the remains. Isn't it also true, though, that the Mayor's Office gave a \$25,000 procurement award to the Gullah Society to do that job?"

Mr. Majernik said, "Yes, there was a \$25,000 contract for the year to do that job."

Councilmember Griffin asked, "Did they follow procurement procedure when they did that?"

Mr. Majernik said, "Not our internal policy, but they did follow the adopted Council ordinance as it says in the report."

Councilmember Griffin asked, "How do we have an internal rule, but also a Council rule, and how can we differentiate between those two about what is right and wrong if we have two conflicting ordinances with how to have a procurement procedure?"

Mr. Majernik said, "Absolutely agree, I had no idea we had a Council approved procurement policy, no idea until we went through this procedure, and it was brought to my attention. The only procedure that I had seen was our internal policy. That is a violation of our internal policy."

Councilmember Griffin said, "That's it for me for now."

Chairman Seekings recognized Councilmember Shealy.

Councilmember Shealy said, "Thank you, Mr. Chairman, and I also want to thank Mr. Majernik and everybody that spent so much time. I know it was, as you said, it was a tough process, and I just appreciate all of the work that you've done. I just want to make sure that we're clear on one thing, on the answer. The City did not pay out an additional \$50,000 for this audit."

Mr. Majernik said, "That is correct. So, \$32,000 of that is the salary for the staff that we would be paying one way or the other, so that it's not \$50,000 additional, and the estimate for the attorney would be maybe \$20,000, \$25,000. So, that is additional."

Councilmember Shealy said, "Thank you for clearing that up. I think there was a little bit of miscommunication in the media there on that one, but thank you for that. You sent us an e-mail. It wasn't me, but one of our Councilmembers asked for billing invoices for Roy Willey's work when he was here. Obviously, I wasn't on Council at the time. The last amount of work recorded by Roy Willey was on June 30th, if I read those invoices correctly."

Mr. Majernik said, "That is the last we had paid him."

Councilmember Shealy said, "That is the last we had paid him. So, did he continue to work for the City beyond that, and we just didn't pay him? Did he do it gratis? I mean, why did we stop June 30th on paying if there was still work being done, or if there wasn't, then that certainly answers the question."

Mr. Majernik said, "Right. Given he's under the Legal Department, I'm not sure."

Susan Herdina said, "I'm looking at my file here, and the last invoice that we had from him was in 2017, is that correct? It's in 2017."

Councilmember Shealy said, "Right, and the last time that he charged anything was June 30, 2017, I believe."

Ms. Herdina said, "Correct. The last invoice that we have is April through June of 2017."

Councilmember Shealy asked, "So, did he not do anymore work beyond that point?"

Ms. Herdina said, "Not that I'm aware of or that he invoiced the Legal Department for. He didn't invoice the Legal Department after that time."

Councilmember Shealy said, "Thank you, and again, I want to thank Mr. Majernik. I appreciate all of your work and Ms. Herdina, too, and everybody else, I appreciate it. You've done a great job of answering the questions, so I don't really have anymore."

Mr. Majernik said, "Alright. Thank you."

Chairman Seekings said, "Thank you."

Chairman Seekings recognized Councilmember Shahid.

Councilmember Shahid said, "I'm glad to be recognized as a younger member of this Council. Mr. Chairman, just as a matter of clarification, are we limiting our questions to just Mr. Majernik, or are they also available to Counsel?"

Chairman Seekings said, "I'd like you to keep them to Mr. Majernik if you don't mind."

Councilmember Shahid said, "Thank you. Mr. Majernik, have you read the report of the outside attorney, Mr. Burchstead?"

Mr. Majernik said, "Briefly."

Councilmember Shahid said, "Okay. Is there anything in that report that you disagree with?"

Mr. Majernik said, "I'd have to read it closer to answer that."

Councilmember Shahid said, "The parts that you have read."

Mr. Majernik said, "I'm sorry."

Councilmember Shahid said, "The parts that you have read."

Mr. Majernik said, "Nothing that I would disagree that I can recall."

Councilmember Shahid said, "The estimate that you gave on an internal audit, would that be consistent with what you would expect for an external auditor or audit firm to charge the City?"

Mr. Majernik said, "For this service, it would be somewhere in the neighborhood of \$20,000 to \$40,000 if I had to guess."

Councilmember Shahid said, "For the work that you just –."

Mr. Majernik said, "For the internal audit, yes."

Councilmember Shahid said, "Just on the work that you did, but not on the work of others."

Mr. Majernik said, "Not on the work of others."

Councilmember Shahid said, "Including legal staff?"

Mr. Majernik said, "Correct."

Councilmember Shahid said, "On the expenditures that the Mayor made within the \$40,000 limit, even though we may have conflicting rules or policies, were those expenditures, in your opinion, valid?"

Mr. Majernik said, "That's a tough question. I don't feel comfortable giving the validity for one person of the decisions there."

Councilmember Shahid said, "Well, what is your understanding of the ability of the Mayor to make expenditures under \$40,000?"

Mr. Majernik said, "So, my understanding was, he would follow the same internal procedures that the rest of the City staff follow where anything up to \$2,500, there's no procurement. \$2,500 to \$5,000 get written or phone quotes. \$5,000 to \$20,000, you get written quotes, and over \$20,000 goes out to bid. Before we learned of this other ordinance that had been adopted, that would be my understanding."

Councilmember Shahid said, "So, the ordinance that was adopted."

Mr. Majernik said, "And the ordinance that was adopted says goods and services must follow that same threshold, but contracted services are not under that threshold."

Councilmember Shahid asked, "So, would the expenditures that he had fall within that definition of contract services?"

Mr. Majernik said, "Contract service."

Councilmember Shahid said, "That's all the questions. Thank you, sir."

Chairman Seekings said, "Thank you."

Chairman Seekings recognized Councilmember Wagner.

Councilmember Wagner said, "More statements than any questions here, just general information, guys, more than anything else. At the ripe old age of 30, I became the senior auditor and internal audit at a little place called Polaris Missile Facility. You all might have heard of that place. We built killer rocket ships and were preparing to destroy the world if necessary apparently. That was after several years in the military and maybe five years with a little company called Internal Revenue. Other than that, I was pretty well prepared for internal audit. Now, you think working for a Mayor's tough? Put a couple of stars on these collars. I understand your pain and the stress that you have to work under. One, we could not make any mistakes in the business that we were in, none, zero, zip. In doing so, we didn't make a lot of friends either because since we basically had zero tolerance across department heads, if I said it, the Captain or

Admiral would have it just like that. Usually I'd get a call like 'maybe you want to take a long lunch break today; the supply officer's got an ax, and he's looking for you.' I've had that said to me, but what I'm telling you here is this is a tough job. It's hard to do because you are dealing with folks that you see every day, I mean literally every day.

The Mayor's report on the P-cards. There are thousands of transactions on P-cards every month. Everybody's got one now. That was a big switch a few years ago. The only way you audit that is with a very low sample. The sample has to be strong enough to where you have reasonable accuracy, but the odds are not that great that he would pick the one that was referenced here if it was a on a P-card audit. It wouldn't happen unless he got really lucky one day."

Mr. Majernik said, "Auditors usually pick that one that cannot be found."

There was laughter in the Chamber.

Councilmember Wagner said, "Or the one that could not be found. Now that would be fun, but what I'm trying to get at is kind of scope out what he's saying and doing here, and I really think we're probably going to do this one more time since there are three or four items that you didn't get to yet."

Mr. Majernik said, "We still have a stack of e-mails to get through, as well."

Councilmember Wagner said, "Right, there were some pretty good mistakes here. I mean, I will tell you that. I actually had one of my clients when I became a public guy get audited for gifts that were miscoded on the tax return of all places, and in his books, as office supplies. My ears perked up, and I really had them convinced that in reality, these were really office supplies. A couple of days later, this IRS auditor comes bouncing back in the office, and he said, 'I think maybe you ought to look again.' I mean this guy's records were impeccable, and he showed me the receipts that he had found, and they were December 24th receipts, and I had no excuse for how we'd buy \$2,000 to \$3,000 worth of office supplies on Christmas Eve from JC Penney's. What I'm trying to do is frame this a little bit and give you an idea of how hard this guy had to work predominantly. We have to rely on Legal and the ethics folks to tell us if he crossed the line. A lot of times, people live in a gray area a lot, especially on personal stuff. White, black, and everything else is a shade of gray, and as long as you stay out of the dark gray, you're probably okay, but you know it's hard to say where that breaking point is. Where is the line, and I don't see the line yet. There might be more to come out where you've got your foot on it, or maybe it slipped a little bit, but I honestly don't see it guys, but I won't tell you it's not there either because we don't have quite enough information yet. We're getting there, so you've got three or four more findings to look at and three or four more questions to ask for an answer, but I look forward to ending this. I really do, and whenever it's needed, I yield. I'm done."

Chairman Seekings said, "Thank you very much."

Chairman Seekings recognized Councilmember Moody.

Councilmember Moody said, "Thank you, Mr. Chairman, and I'll echo having been in your line of work for a while, I also appreciate your diligence there. It's been a while since I've been involved, and I know that you're familiar with what's called the 'fraud triangle.'"

Mr. Majernik said, "Correct."

Councilmember Moody said, "There are three things, rationalization, opportunity, and pressure, that we kind of look at to see whether or not there may be something going on in a situation. Kind of applying that same stuff to what I see here, I just want to point out a few things that give me concern, and I'll start with what the Mayor said about filing with the Ethics Commission. Just pick one. Let's just pick

a \$1,000 birthday check. Now he can ask the Ethics Commission 'is that a violation of ethics,' and maybe this ought to be addressed to the attorney, but if you don't tell the Ethics Commission that there were a series of e-mails leading up to that item from our CFO that said 'That is not a business purpose, and I'm not going to sign off on this check,' and referring that to our Legal Department, and our Legal Department saying 'That's not an authorized or a specific expense for the City.' Then they change the invitation to add all of our names to it and said, 'now it's a City deal,' and that's not going to be said to the Ethics Commission, I don't believe."

Mr. Majernik said, "I doubt it."

Councilmember Moody said, "With all due respect, sir, if all of that knowledge were out there, there would be a problem back to what Mr. Wagner just said. Do we have everything? We're getting bits and pieces here, and that's what's so concerning to me, and when I go back to that fraud triangle, that's why you have policies and procedures set-up to kind of stop those opportunities. That's why you have a procurement policy that has several sets of eyes on the stuff, so that you don't allow one person. So, you try to shut down all those opportunities. So, when you start breaking down those policies, it's done at the very top. You've got driving personal automobiles. From just looking at the salaries, there are some issues there. Look at these business cards. The other part of that triangle is opportunity, correct? Not opportunity, but --"

Mr. Majernik said, "Rationalization."

Councilmember Moody said, "Rationalization, so you can rationalize about anything. We heard a great story here about rationalization to start off the Mayor's comments. I know every one of those people. They're all great people, and I don't think the Mayor is involved. I mean, I don't think he's a crook. I don't think he's unethical. I think he's just been exercising some bad judgment. That's where this triangle comes in, and you have to shut those things down. Here's another one that just occurred to me a minute ago. When we said they rationalized that this was costing \$52,000. That was their rationalization of what it is, but yet on that birthday party, or one of those birthday parties, I think it was for Mr. Hamilton, Robin Griffith, who was a City employee, was getting all of the responses. So, it shouldn't have been \$1,000. If you're going to keep score like that, it should have been \$1,000, plus her time, and anybody else's time and staff time in doing that. So, we just gave it \$1,000. So, my point is, when you start to rationalize all of this stuff, it destroys your credibility. So, I do think the Mayor was exercising some bad judgment, but you didn't audit for bad judgment I assume."

Mr. Majernik said, "All I can do is present facts."

Councilmember Moody said, "And I agree with that. But that, to me, is what we're talking about here is bad judgment. I'll give you one more example that everybody in this room is familiar with, and it has to do with Judge Irv Condon and the loaning of that money, and the Mayor rationalized that they had loaned it to themselves, and they paid interest. Well, I can tell you as a business person that you can't find anybody in the banking world that would tell you that they would make a loan, not just for that business. I'd put myself in that. If I was in that business, I couldn't get a loan at that interest rate. That would be such a high risk loan that the interest rate would probably start somewhere around 15% and go up on that kind of a loan. So, there again, it was bad judgment. It really was a trust position that was violated, not illegally, not unethically, just bad judgment, and I think that's what we're dealing with here, and I've got some specific questions for the Mayor, but I wanted to ask a couple of things of you. On that list of public input, or could somebody help me with what it's called where we make these grants for these different agencies?"

Mr. Majernik said, "Community assistance."

Councilmember Moody said, "Community assistance. If you look at some of those, we evidently must have a policy that says that they have to be in good standing with the Secretary of State."

Mr. Majernik said, "That's correct."

Councilmember Moody said, "That must be our policy, right?"

Mr. Majernik said, "That is."

Councilmember Moody said, "And we've got a whole bunch of numbers, and I suspect what that means is these people have not filed with the Secretary of State either their financial disclosure or their registration as a public charity. One of the two they haven't filed. So, therefore, they're not approved by the Secretary of State. Is that --"

Mr. Majernik said, "Typically, you wouldn't be approved by the Secretary of State without going through the IRS regulations to be a nonprofit organization as a charity."

Councilmember Moody said, "Well, even if you go through the IRS and become a 501(c) something --"

Mr. Majernik said, "You would still have to be registered with the State, as well."

Councilmember Moody said, "Exactly."

Mr. Majernik said, "And those are both requirements that we require to obtain community assistance."

Councilmember Moody said, "And here we are, we're making grants to these community assistance people that we shouldn't even be making, and that's not just on the Mayor, that's on all of us. We probably didn't look at it close enough, but again, he's the Mayor. He's in charge. He should know that when he makes those decisions. Again, it's not illegal, it's not unethical, but it's bad judgement, and that's what we're dealing with here in spades. So, that's all I have for you right now. Thank you, again, Mr. Majernik."

Councilwoman Jackson said, "Sir, could you just explain what we are talking about, the community assistance grants."

Councilmember Moody said, "I could pull them up and show you. You go ahead, and I'll show them to Ms. Jackson."

Councilwoman Jackson said, "Okay, but that's not part of the audit."

Chairman Seekings said, "I believe next on the hit parade is Councilmember Waring."

Councilmember Waring said, "Thank you, Councilmember Seekings. Mr. Majernik, you've been asked this a couple of times about the \$50,000, and you're so cordial in your response, but I want it to be clear, did the Mayor or Jack O'Toole come to you to get the \$50,000 figure that was put in the paper?"

Mr. Majernik said, "Nobody asked me for that number. Legal asked for the number, and I don't know where it went from there. I'll rephrase that."

Councilmember Waring said, "So, you gave the \$32,000 figure --"

Mr. Majernik said, "To our Legal Department."

Councilmember Waring asked, "Ms. Herdina, could you come up?"

Councilmember Shahid said, "Mr. Chairman, aren't we limiting our questions to --"

Chairman Seekings said, "Ms. Herdina, I think he just recognized that part of the reporting did go through the Legal office. We'll allow a question to lawyers."

Councilmember Waring asked, "Are you now the lawyer for the Mayor?"

Councilmember Shahid said, "No."

Councilmember Waring said, "I just want to know."

Chairman Seekings said, "We're going to rule this proper questioning. Thank you."

Councilmember Waring asked, "Ms. Herdina, why did you find out the \$32,000 figure? Where did that query come from?"

Ms. Herdina said, "Well, it initiated from me initially. We were sitting around. We've had numerous meetings about this, and I was in Robert's office. I just said to him because I know he had devoted all of his time to this over the last two months, and we were not able to work on a couple of other matters that I thought we should be working on regarding some employees. So, I said to him very innocently, I said 'How much time do you think you've spent on this matter,' and he said to me 'Well, I've actually got that calculated, and it's \$32,000.' So, at that point then, and again I was thinking how we calculate our time for purposes of FOIAs, not necessarily internal audit. We always think about how much time employees have spent because we can charge for it. So, I had that number, and I was talking to Jack O'Toole, and I don't remember if he asked me, frankly, or I told him. He said 'How much do you think we've spent on the audit,' and I said 'Well, Robert's told me his time, and his staff's time was \$32,000, and I estimate that the attorney's time is going to be about \$20,000.' That's how it came about."

Councilmember Waring said, "So, that's how that talking point came out in the newspaper being a cost of \$50,000 if you're surmising that."

Ms. Herdina said, "Yes, I mean, again, I didn't talk to the press."

Councilmember Waring said, "I know you didn't. I'm just wondering how did that number get from Mr. Majernik and now obviously to you, to the Mayor and his information people."

Ms. Herdina said, "Again, just so you understand, we are always trying to figure out ways to value our time and ask for reimbursement of our time if at all possible, and it came up very innocently."

Councilmember Waring said, "I understand. I understand."

Ms. Herdina said, "Robert, knowing how precise he is with everything had the figure right there."

Councilmember Waring asked, "Ms. Wharton, will you come up? No, I want to know because it seems like double expensing to me. We're paying Mr. Majernik anyway, okay? What has been the additional appropriations of \$50,000 or \$52,000 that Council has made to pay for Mr. Majernik, and I guess, the legal amount?"

Ms. Wharton said, "Well, we just pay him every two weeks like we pay our other employees."

Councilmember Waring asked, "Has there been any additional money or additional expense for Mr. Majernik and his team as a result of Council and the Mayor requesting this audit?"

Ms. Wharton said, "No."

Councilmember Waring said, "So, would you agree that that information that was put in the paper is inaccurate?"

Ms. Wharton said, "For additional expense, yes. His time would not be additional."

Councilmember Waring said, "I just want to be clear because that number has been run out there now, run in total to \$52,000. Thank you, Ms. Wharton. You can go back and sit down. Thank you. Now, Mr. Majernik, when we voted for this audit, we voted for you and your team to get engaged. The expense for the outside attorney, which I certainly have appreciated his opinion, was not a vote of Council."

Mr. Majernik said, "That was not."

Councilmember Waring said, "It was not a vote of Council. Who made the decision for that expense?"

Mr. Majernik said, "That was made by legal counsel."

Councilmember Waring said, "Separate from Council."

Mr. Majernik said, "Separate from Council."

Councilmember Waring said, "I don't need you to talk. I appreciate you making that decision, but it's thrown out as though Council made that decision. We had no input on whether to say we're going to hire an outside attorney or not. Did we have any input on that?"

Ms. Herdina said, "No, sir, but let me explain that rationale."

Councilmember Waring said, "I understand the rationale. What I'm trying to break down is this \$50,000, or now, \$52,000 figure is an illegitimate number. It is not accurate because if we're going to pay Mr. Majernik anyway, his time has to be accounted doing something. Even if we asked him to count beans, we would have to pay Mr. Majernik, so for that figure to be thrown out as though it's costing the City taxpayers another 32,500 and some odd dollars to date of Mr. Majernik's time, it hasn't cost the taxpayers' additional money, has it? Not for Mr. Majernik. That's not a hard question to answer."

Ms. Herdina said, "It's how you value his services. No, we're not paying anything extra for him to perform this audit. That's correct."

Councilmember Waring said, "So, for the news media, I would hope they would get that portion right, Mr. Chairman. The second thing, thank you, I agree with you, Mr. Majernik. We need to clear up the conflict between our procurement policy and whatever ordinance Council passed because, frankly, that can be taken advantage of, and I see the perplexing position it could put you in. Our procurement policy, and you just stated it, has a lower threshold to have additional input, and apparently, the ordinance that was passed, I think that ordinance was passed, really, to help our capital projects. But, we need to straighten that out sooner, rather than later."

Mr. Majernik said, "Correct."

Councilmember Waring said, "The third thing, I know you can't answer, but you can answer this part. Is this audit over with in your opinion?"

Mr. Majernik said, "Not yet."

Councilmember Waring said, "Thank you because I really do want to get to the bottom of how and what, I think the figure I was told, is \$85,000 paid to Mr. Willey. When we saw the spreadsheet up there of the draft, it showed \$1,600 plus dollars."

Mr. Majernik said, "That was solely for CitiBot."

Councilmember Waring said, "Solely for CitiBot."

Mr. Majernik said, "Correct."

Councilmember Waring said, "I understand that, but that was broken out, but the detail on the additional amounts, I, and I know I'm not the only one on Council, am very interested to see the categories that he was paid."

Mr. Majernik said, "Yes, and we can provide that."

Councilmember Waring said, "Okay. Thank you. Now, the Mayor brought something up that I commend him for. If he saved, I think, it was \$205,550 on the technology that was bid out, that's great, and I tell you, we should have found that out before now. That same effort did not take place, and this is a question that I guess I'll throw out now, and I'll certainly send it to you in writing after this, when we did the procurement process for the RFQ for the planner to come in and plan for West Ashley Revitalization, our procurement process was preempted. The understanding that I had, the company that finished number one was about \$150,000 or so higher than the company that finished number two, three, and four. I happened to serve on that procurement process. My understanding was is that you negotiated with number one. This came from Mr. Cooper, our procurement officer. You negotiate in earnest with number one. Failing that, because we had budgeted \$350,000 for that service, you go to number two, and the Mayor preempted that when his Chief of Staff at the time stepped in, Mr. Cooper was set aside, and Mr. Martin at that time negotiated, I think, a \$7,000 or \$10,000 difference. That process is the next thing I want you to look into when you come back and report the next time."

Mr. Majernik said, "For that specific contract or for this contract with CitiBot?"

Councilmember Waring said, "Not CitiBot. I'm past CitiBot. I'm talking about the Dover Kohl process where a company was virtually 50% higher, and the same thing that was done because the previous company was too high under the CitiBot situation, the complete opposite was done with Dover Kohl. Instead of negotiating and going to the second company that was at budget or maybe a tad below budget, we opted for the higher expense to the taxpayer. So, if you could give us a review of the unfolding of how that occurred and who told Mr. Cooper to step aside and put Mr. Martin in charge, I'd certainly like to see how we got to the bottom of that because it's admirable on the CitiBot process in saving the City money. So, that portion I would like if you could do that portion, and I'd like to think when we get to the bottom down here, and I do appreciate the pressure that you're under doing this. Councilmember Wagner is spot on when he says it's not an easy job to have to question your boss, and I agree with that, but I hope that when we get down to the reporting Item #4, that we will correct that because it's unfair for you to have to be in that vice, if you will. I do thank you for your service to this point."

Mr. Majernik said, "Thanks."

Councilmember Waring said, "Thank you."

Chairman Seekings said, "Thank you very much. Now, I think because Councilmember Mitchell had a moment of lucidity and left City Council before and came back, I do believe in the pecking order he is next."

Councilmember Lewis said, "Councilmember Gregorie is next."

Chairman Seekings said, "Alright. We're going to give you the seniority points from when you left. Councilmember Gregorie on a technicality."

There was laughter in the Chamber.

Councilmember Gregorie said, "Being an old government bureaucrat, some of what I've observed in this report does give me pause because as a manager, if this kind of information was presented to me regarding an employee, at a minimum, there would be a reprimand, and in some cases, removal. Now, I clearly understand that the Mayor or elected officials are not subject to the same rules and regulations as employees, but I just wanted to make very clear that as a manager, and I'm sure as the manager of this City, if the Mayor was presented with some of what we have here, he would have no recourse but to reprimand, and in some cases, removal. I do think that much of what we are seeing has to do with bad judgment, but bad judgment still does not excuse it, particularly if the Mayor was under the same rule and regulations as other employees because employees make bad judgment also, but they still have to pay the cost of that bad judgment. So, I just wanted that to be the preamble of what I'm about to say. I also think that the \$50,000 strategy, and that's what I call it, was just simply to make it appear as though this City Council is frivolously spending taxpayers' dollars, and I really resented the Post and Courier's assessment and strategy to do that. I think it was wrong, particularly since we had not had a chance to review the report and make our recommendations accordingly. That article which was written clearly makes it appear as though the audit is complete, 'City Council has wasted money again,' and I really resent that in the Post and Courier placing us in what I consider a very, very, very bad position.

I have a couple of questions. My first question has to do with our first lady, and the question is why shouldn't we pay for travel for the first lady when she accompanies the Mayor? Are there other instances in other cities where that in fact is occurring?"

Mr. Majernik said, "We haven't looked into other cities."

Councilmember Gregorie said, "I think we may want to do that because I do think that sometimes it is appropriate for the first lady to accompany the Mayor in certain situations, and I think at some point, even if that's not the case, I think that we should start looking into that. My issue, though, has more to do with our competitive programs, our community outreach program, and our Accommodations program. I have run multimillion dollar grant programs, all of which are competitive. When there is a recommendation from the review committee, if I changed it, I could lose my job. As a government employee, I could lose my job. I do think that we need to fix that. I think we need to put some procedures in place similar to what we have with the A-Tax. Of course the Mayor has input, and he should because the ultimate decision and recommendation comes from him. I have experienced, however, recommendations for changing numbers to go up or down for the A-Tax. However, at least you have a committee or a body that would discuss that, and even say 'yea' to 'nay' with regards to the Mayor's recommendation. The community assistance program does not have that kind of buffer, and I do think that we need to at least consider putting in place something similar to what we have with the A-Tax because then I think, one, it protects the integrity of the program, and I also think it protects the Mayor in terms of making it appear as though that the numbers are being changed. Right now, from what I've read, we're saying for the community assistance program, as long as a family member or the Mayor is not a part of the board, then it's okay. I'm saying it's not okay. I'm saying it's not okay because those are not the only programs that the Mayor necessarily would make adjustments to. So, in order to protect the integrity of a competitive program where people compete for funds, I do think that we need another level for the community outreach program, similar to what we do for the A-Tax program because I think that gives the programs a little more integrity and less of an ability to be scrutinized in such a way that calls into question the Mayor. I agree, I don't think the Mayor's a crook. I don't think the Mayor is dishonest. I do think, however, there has been some bad judgment here, but for

me, it's the competitive programs that we need to make sure we protect the integrity of those programs, and it does not give the appearance of being a program that is really for the Mayor, and I'm saying 'appearance,' to do special favors.

Finally, I appreciate you, but I don't envy you. I'm serious. You, our Corporate Counsel, our CFO have been placed in an unfair position. There is no way that we're going to ask a question here, and you are going to say anything negative about your boss. You're not. You can't. You've got children to feed. I'm being very, very sincere here. If I had my druthers, I would throw this entire audit out and start from scratch and then pay somebody, if it's \$50,000, for it to be totally independent and that staff not be placed in a conflicting position because I think it was wrong. Unfortunately, I've been a part of the wrong, and I apologize to you for that because we should have never ever placed you guys in this position. I just think that we should continue, but let's just protect these competitive programs. We have not been challenged yet."

Mr. Majernik said, "I do want to make one comment to that, that we do have an internal staff committee just like we have on the A-Tax for community assistance. It's not made up of external people like the A-Tax has some members of the outside community, as well, where the community assistance is all internal, but there is still a review committee."

Councilmember Gregorie said, "No, I'm not saying --"

Mr. Majernik said, "I just wanted to clarify that there is still a review committee."

Councilmember Gregorie said, "No, I want the record to be clear. I'm not saying that the Mayor just grabs these documents and says 'x, y, z,' no. I understand that there is an internal committee."

Mr. Majernik said, "Okay. I just want to make sure that's clear because it sounded like it was --"

Councilmember Gregorie said, "No, but I'm saying in addition to the internal committee, we also need an external committee, which is made up of a variety of people in the community to make the final decisions just as we do for A-Tax. That's all I'm saying. I think it gives that program more credibility, and it does not give our Mayor or any Mayor the appearance of impropriety."

Mr. Majernik said, "Right."

Chairman Seekings said, "Thank you very much."

Chairman Seekings recognized Councilmember Mitchell.

Chairman Seekings said, "I think it's Mitchell, then Councilmember White, and Councilmember Lewis."

Councilmember Lewis said, "It's White, then Mitchell."

Councilmember Mitchell said, "I'm right behind Councilmember White."

Chairman Seekings said, "I got you. Alright, we'll go to Councilmember White."

Councilmember Lewis said, "It should be White."

Chairman Seekings recognized Councilmember White.

Councilmember White said, "Ms. Herdina, can I ask a question of you?"

The Clerk asked, "Councilmember, is your microphone on?"

Councilmember White said, "Yes, let me bring it a little forward. Can you hear me now? Alright. Ms. Herdina, can I ask a question of you, and I guess I should have started off with a quick question. Mr. Majernik, the e-mails that were provided via the FOIA that Councilmember Griffin mentioned, have you reviewed those?"

Mr. Majernik said, "Not entirely, so we have not had the ability to put an opinion out on those yet."

Councilmember White said, "And there were two sets I understand."

Mr. Majernik said, "One just came in this morning, and we certainly haven't had time to look at anything that came in this morning."

Councilmember White said, "And I don't, quite frankly, know, I was forwarded some information. I have no idea if I've got set one, set two, set three. What I do know is for whatever reason in this process it seems like things have sort of come in dribs and drabs."

Mr. Majernik said, "Agreed."

Councilmember White said, "And I don't know if it's because we keep finding more stuff, and it's causing us more question, or that's been purposeful. I just don't know, but I do know that every time I think I've come to a conclusion on something, then I find that I get another e-mail with a stack full of stuff that causes me more consternation."

Mr. Majernik said, "And I will say that's how it comes to me, as well, little pieces."

Councilmember White said, "Fair enough, and I'm not passing judgment or blame on anyone, by the way, I'm just saying that's certainly the impression --"

Mr. Majernik said, "It definitely comes in in pieces to me, as well. We're absorbing as we get it as much as we can."

Councilmember White said, "So, of the 180 something e-mails that I got just today, of which, I certainly have not had an opportunity to review either, and I don't know if this was round two or what, but I quickly flipped through them, again, not thoroughly, but just flipped through them just to see if in fact there was anything that jumped out at me. I want to read from two e-mails out of the 180, and again, this is not in totality. There is certainly more stuff in here I haven't had time to review. This e-mail, in particular, both of them are e-mails between the Mayor and his campaign manager. On August 4th of 2016, the e-mail states, and this was an e-mail of a letter associated with getting campaign contributions. By the way, these are on City e-mail accounts with the Mayor's name and title. So, these did go in fact through the City's e-mail server. 'Thank you for your generous contribution to help me close out my final stages in my campaign debt. We were successful in retiring my campaign debt and ended up with a small surplus that includes your contribution, so your contribution will be applied to your 2019 reelection campaign.' It goes on and on from there.

The next e-mail was a group of e-mails that started, and this was in February of 2018. It was between the Mayor's campaign manager, a donor, and the Mayor. It started out with this, 'Mr. Mayor, you really need to get a way to receive online campaign contributions. Take my word for it, that will vastly enhance your income,' so on, so forth. That e-mail was then forwarded on to the Mayor's campaign manager that subsequently responded, 'Okay, we'll discuss and add this to the list on our meetings on Thursday.' The Mayor then responded to him, 'also,' and I'm not going to mention the person's name, said, 'We need to get' such and such person 'needs to know where they need to send checks, and I spoke

with her last week, and she asked if we had gotten her a list of potential donors from, a particular group that was mentioned here. It goes on to say, 'Okay, no problem. I will send an e-mail to this person this morning with that info.' Ms. Herdina, is that an ethics violation?"

Ms. Herdina said, "I am not the one to give an opinion on an ethics violation. That's for the Commission to decide, and I would recommend, the Mayor's offered to submit this, and if you've got a question to submit to the Commission, I would do that. Councilmember, can I just mention one thing about the FOIAs, and I think there's a suggestion that there's been dribs and drabs, or whatever. If I could just take a moment to explain that process because it's been quite overwhelming in respect for us. So, we did receive Councilmember Griffin's requests, and they were for all of the e-mails between the Mayor and Mrs. Tecklenburg, both ways, as well as e-mails between the Mayor and his son, Joseph, as well as the Mayor and Roy Willey. We had difficulties getting the documents reproduced off of our IT system. They were delivered in a data form, so it took quite a while to get those documents converted from a data form to a PDF. Then, as we did with every FOIA, once we converted them to PDF, we then downloaded them, got them copied, reviewed them, and produced them. The first production of the documents, I think it was July 3rd, I believe, right before the 4th of July weekend, and there were probably about somewhere between 2500 and 3000 pages of documents that were produced in that production. Then, there was the second set. Again, we had the same difficulties with our IT Department, just again, we had some difficulties converting them to a readable form. So, it took some time, and then we ultimately produced the rest of the documents to Councilmember Griffin Tuesday afternoon. I think it was late, and he's been very patient with us and understanding, and I would say there were maybe another thousand pages produced at that point in time. So, I just want to make clear for the record that the Legal Department has tried to produce these as quickly as we could, and they were quite voluminous. So, that is what has taken some time to get these documents to Councilmember Griffin. We've got copies of them and will certainly make them available to any other Council person who would like to see them."

Councilmember White said, "So, notwithstanding the fact that you don't want to present an opinion on that particular situation, let me ask the question maybe in a different way. Is it against the Ethics Act to use government resources to raise campaign contribution funds?"

Ms. Herdina said, "I guess I'll defer to Michael on that who's our ethics attorney if you want to get into that."

Councilmember White said, "Well, yeah, he's here. We're paying for him. Come on up, Michael."

Chairman Seekings said, "I'm going to allow limited questioning on this one, but he is here, and we are paying for him. I think it's a valid point, very limited questioning on this. Let's let this question go, and then we'll turn to you recognizing by the way we are clearly going to be coming back for round three of this. So, we are into hour two of round two. The question is under the facts presented, is that an ethics violation?"

Mr. Burchstead said, "Well, as Ms. Herdina said, only the Ethics Commission in this circumstance can really decide that. There are several provisions of the Ethics Act that do deal with use of public resources for campaign purposes or election related purposes. It's not always clear cut what's the use of those resources. I mean, is receiving an e-mail, are you using the resources? What is the intention with the e-mail?"

Councilmember White said, "Sending an e-mail from your City account to your campaign manager, specifically regarding raising campaign contribution funds."

Mr. Burchstead said, "Well, I mean, it could be seen as an ethics violation, and I'm not trying to be cute about it, but it really just may depend on the judgment call of the individual commissioners. There's

an intake process at the Ethics Commission when a complaint comes in the door. Probably the complaint that might come in the door soon is going to at least get through that intake process, and then it is through the investigation that the investigators really figure out what they think happened. Commission staff make a recommendation to the Commissioners, and I don't really want to get in the head of what one Commissioner thinks is the use of resources, which might be a different situation with another Commissioner. You also have strange things in the Ethics Act like maybe probable cause is there, but there's something called a waiver of further proceedings where the Commission can exercise its discretion, even if they think probable cause is there to have some kind resolution that's short of a violation. So, there are a lot of things that can happen in that process, and a lot of it is just within the judgment call of the individual commissioners with a lot of reliance on staff. So, use of resources, there can be differing interpretations on that. There could be certain kind of exceptions for incidental use. I would just say, Councilman, it's a possibility, but I mean, none of us in this room can make that judgment call, in my opinion. There's a process with it."

Councilmember Shahid said, "What about --."

Chairman Seekings said, "We're on Councilmember White's time. Thank you."

Councilmember White said, "Thank you, Michael. Let me with a show of hands of my colleagues on Council, does anyone have any question in their mind that they should be using their City e-mail address or in City Hall raising money for their campaigns? Is there any question?"

Councilmember Gregorie said, "That's a Hatch Act violation."

Councilmember White said, "Does anyone think --?"

Councilmember Lewis said, "Well, I'll tell you what I was told four years ago --"

Chairman Seekings said, "Let's go through the questions, and we'll let Councilmember --"

Councilmember Lewis said, "I can tell you what I was told four years ago. I accidentally used one of my letterheads to send out for some campaign contributions, and I was told it was a violation of the Ethics Act, so I would suggest that you send some of this information to the Ethics Commission, and let them give you their opinion on it. That's what I would do."

Mr. Burchstead said, "I would say it's --"

Chairman Seekings said, "We're going to continue with Councilmember White's time. Thank you."

Councilmember White said, "Thank you, Michael. That's fine for now. Thank you. Mr. Majernik, this is a stack of supporting documents that you had provided to me. I appreciate that, and I want to just, if I could, quickly read two things, and again, this is 803 pages of supporting documents."

Mr. Majernik said, "It's a lot of information."

Councilmember White asked, "Does everybody have this?"

Mr. Majernik said, "I don't believe that was sent to everybody. I'm happy to send it to anyone that would like it, though."

Councilmember White said, "I would highly recommend that not only Council has this, but it should have been made as part of an appendices to the report because there are some fairly important things in here."

Chairman Seekings said, "Just can I make one point before we move forward? I don't think we have a final report yet, so that's part of what we're doing."

Councilmember White said, "That's fair enough. Great, well then I think moving forward, let's make sure it gets added, but I think it needs to be made public now. I have not reviewed it all. It's a tremendous amount of information. I just got it, what, two days ago?"

Mr. Majernik said, "Right."

Councilmember White said, "But I want to make a couple of quotes from what I did quickly find in my review. This is a memo dated February 6, 2018 from our CFO, and I'm just going to kind of cut the important parts out. 'I'd advise that this should not be something that the City contributes to as it is a party held specifically to celebrate one individual and his birthday. It does not benefit a non-profit or any initiative and was not budgeted previously. I am still uncomfortable with spending funds for this expense. I will not sign off on this invoice. Please use Mayor Tecklenburg's signature as approval to pay.' That's from the CFO specifically about the private birthday party where the Mayor was told, specifically, that it was not an appropriate use of City funds, and I will go one step further to say that the City attorney also weighed in on that and shared with the Mayor's staff that it was not appropriate."

This is another e-mail, an e-mail chain, a group of e-mails that came that were specific to an issue that was raised about a laptop or use of City laptop, and this is between the telecommunications service coordinator, telecommunications manager, and our Director of IT. I'll try to go through this fairly quickly. As of April 18, 2016, the question was raised about getting access to a calendar. So, this individual said 'Thank you. As instructed, I have activated the mobile Broadband for Mrs. Tecklenburg's City issued laptop. However, with that having been said, please note that in my opinion, this is not an appropriate use of City funds.' Then, the telecommunications manager in fact responded as such. 'Agreed. The security risks alone are not worth the risk in my opinion. I believe Wes pushed back on this, as well, but ultimately lost the battle. At the very least, I disagree with the monthly expenses we are going to incur. However, Wes has asked us to handle the activation. Thank you for your diligence and professional approach to our roles regarding City funds and our responsibility to maintain the best financial position possible.' That e-mail was subsequently then sent to Wes as information. So, Mr. Majernik, as everybody said here, we appreciate all of your professionalism and diligence. This has clearly not been an easy process for you. I recognize that, but I do thank you for your time. As I stated, in front of me are 803 pages of e-mails and supporting documents that were provided to me by the auditor. I'm not sure why they were not included in the appendix, but I think moving forward, it sounds like they certainly will be. The first finding with the City's CFO specifically states that the Mayor was told an expense that he wanted to pay for was in fact not a legitimate expense, and so much so, that our CFO refused to approve the expenditure. It was then subsequently said by our City attorney the same thing, and so, that in and of itself was cause for pause, but the second item that I found within this packet with IT, as I read to you, certainly compromises cyber security and related City and Federal policies that we have. But aside from all the irrefutable and numerous findings from the procurement violations, ethics violations, misuse of City funds, the overwhelming evidence in this audit, the outcome unmistakably points to one clear and disturbing key thing to me, and that is we have poor leadership coupled with poor judgment at the top of City Hall.

The outside legal counsel stated it was likely the Mayor, because he's elected, is not held to the same policies as our employees, and in that regard, it does not mean that the Mayor is excused from policy violations. It does mean that in fact, as an elected official, he must be held to an even higher standard. Let us be clear. The outside legal counsel did not exonerate the Mayor for his violations, ethics, or otherwise, nor for the misuse of funds. We've all heard a quote before, and that is when a leader fails to lead himself, a leader who lacks character or integrity will never endure the test of time. It does not matter how intelligent, affable, persuasive, or savvy a person is. If they are prone to rationalizing unethical behavior based on past, current, or future needs, they will eventually fall prey to their own undoings. Optics over

ethics are never a formula for success. Honesty and integrity are tremendously important to me understanding my responsibilities to the citizens of the City of Charleston, and I must continue to hold myself at an exceptionally high standard, and I expect that everyone around me does the same exact thing. Honesty and integrity are not hard. You simply have to tell the truth always and always be willing to do the right thing despite the outcome.

Mr. Mayor, I don't know whether you've broken the law. I don't know. That's not for me to decide, and it's not for my opinion in this situation. That's up to the Ethics Commission and the courts to decide, but what I do know is that you have broken the trust of the citizens of Charleston, and that's intolerable and completely unacceptable. Although the Post and Courier has attempted to characterize this audit as being a politically motivated witch hunt, which is because it's an election year, please make no mistake, Mr. Mayor. If this body became knowledgeable of the blatant wrongdoings, which was as discovered, date back all the way to the first year in office, be assured, we would have taken action well before now. The citizens of Charleston absolutely deserve better. Over my nearly two decades in the banking industry, I have been involved in many embezzlement cases, and in every case, the perpetrator always starts out small. They test the system to see if they can get caught. Maybe it starts with \$10.00. Something then goes unnoticed, and it goes to \$1,000, and before you know it, it goes to \$100,000. Unfortunately, catching someone who is embezzling early at best is a difficult task, but rest assured, it will always rear its ugly head, and that is exactly what this audit has proven.

The audit revealed, once again, unethical behavior and pointed out very, very poor judgment, which is absent of leadership the citizens of Charleston expect. When you calculate all of the dollar amounts identified in this audit that are either unethical, inappropriate, or show bad judgment, it totals over \$280,000, and that was what Mr. Majernik found in 60 days and in one department. Equally disconcerting is a superficial response that this audit has received from some members of the press and the lack of factual or researched information. When have we become so forgiving of political excuses and manipulation and so ignorant of the facts before allowing erroneous information to be fed to the public. Some in the press wish to lead their readers to believe that this audit is a collection of non-issues. Again, it is undeniably not the case. It's an awful and disgraceful pattern of entitled behavior. In corporate America, any one of these transgressions could be grounds for immediate termination as Councilmember Gregorie pointed out. As an example, State employees could be terminated and possibly arrested for diverting use of P-card expenses for lesser amounts of money. To further the pattern of intentional deceit, since when do we as citizens send private citizens to Europe on City taxpayers' dollars? Those individuals who did benefit from those City paid tickets actually did pay back $\frac{3}{4}$ of the expenses back to the City, but only, and only when the audit was announced. The old hand got caught in the cookie jar, per se. Additionally, has anyone even questioned how much of these expenses were covered other than the airfare for these taxpayers and citizens to go to France? Indiscriminately using public funds for parties, entertaining, subsidizing your spouse's special interest groups, speaks volume again about really poor judgment and demonstrates not only a lack of leadership, but cements the fact that there are no boundaries or limits to this unacceptable behavior.

Well before this audit began, establishing this pattern of poor judgment and a lack of leadership, as Councilmember Moody brought up with Judge Condon's findings back in May of 2018 for the self-dealing and the transactions with Ms. Wineglass's estate, a 95 year old retired school teacher whom the Mayor was entrusted to administer and unfortunately found that borrowing money from Ms. Wineglass's trust was not appropriate and was removed as trustee. Very well, the Mayor said it was ignorance, he didn't understand, but understand that never, ever is ignorance an excuse for the law. To the citizens of Charleston, even to have shared what I have shared with you is extremely uncomfortable and on so many levels. However, this is a wakeup call for our City. It is up to us and all of the 12 districts of this great City that we decide whether we allow City Hall to operate and compromise the required standards of ethical, responsible judgment, behavior and moral leadership. As a strong Mayor form of government, the Mayor does have significant latitude in how he operates the City, and when the strong Mayor is of the highest, ethical moral

standards, our City can operate very efficiently. But when you have a Mayor who lacks the moral compass required of someone in such a position, we ultimately find ourselves in the position that we are today.

This audit is certainly not over. We have more work to do. It pains me to have to be in a position where we even sit in this Council Chamber and go through this exercise. In the 12 years I've been on City Council, I've never seen anything like it, and what I have seen is that over and over again, we are seeing a pattern of bad judgment, and now it's going further on to finding where we are seeing, in my personal opinion, what we will find are ethics violations that are blatant and unwarranted. So, I'm sad to say that we were in this position. I'm sad that Mr. Majernik you were put in this position. I recognize that this is not over by any stretch of the imagination, and it's a sad day in Charleston that we have to be here."

Chairman Seekings said "Thank you very much."

Chairman Seekings recognized Councilmember Mitchell.

Councilmember Mitchell said, "Yes, sir."

Chairman Seekings said, "You are next. We've been trying to get to you for a while, and finally we did."

Councilmember Mitchell said, "I really don't have that much to say. I'm just appalled at all of this going on. The thing is that I think it's just that the Mayor himself made some bad judgement on some calls and some things he did. That's just my personal feelings. Knowing him as I did, and as I do, I just think that everybody makes mistakes somewhere down the line. So, we've called this Audit Committee together to see if things are going wrong that we can straighten out. I think that's what it's all about, getting it and straightening out that we have something that's going wrong. I think we can sit here and sit here and sit here, and people are looking at us like we're a bunch of dumb people anyway, but the thing is that if something is done wrong, we should be able to straighten it out here from the City Council. That's what we are here for. So if mistakes were being made, then let's rectify this mistake, so we can fix those mistakes, but don't sit up here and call a person 'this,' or call a person 'that' because there is no one in this world that has not made a mistake in their life. That's just the way I feel. This is just me talking. I spoke to the Mayor, and I told him as such. Some things are over with when they come to a certain point that was brought out a few minutes ago, but we as Council, as elected officials, and if something is going wrong, we had the audit done because this is what we wanted. So, if there is something that was done wrong through bad judgment, which we make some bad judgment in voting here ourselves, then, we have to come back and straighten it out. Then, let's straighten it out what even the Mayor has done. He might have made some mistakes himself, too, on a lot of occasions, not knowing, but we said he should know. Like some things here, I should know that I don't know, but there's a song like I told the Mayor. When I was living in New York, my cousin had a huge gospel group that traveled from Philadelphia, Connecticut, all around the state, and some of the words in the song, I'm not going to be singing any songs tonight, but be careful, very careful of the stone that you throw. It says 'a tongue can accuse and carry bad news.' Gossip is cheap, you know, but if you have never, never made a mistake in your life, please be careful of the stone that you throw. So, now, we are here to hear what's going on and make a decision to clean-up anything that's wrong. So, that's what we're here to do. So, if something is wrong, let's get together, listen to the audit report, and if something is done wrong, let's clean it up and get it squared away. Thank you."

Chairman Seekings said, "Thank you very much, Councilmember Mitchell. I believe last on the hit parade."

Councilmember Griffin said, "I've got something."

Chairman Seekings said, "We're going to get through Councilmember Lewis."

Councilmember White said, "You didn't even get a chance."

Chairman Seekings said, "I'm going to say something."

Chairman Seekings recognized Councilmember Lewis.

Councilmember Lewis said, "Thank you, Mr. Chairman. I certainly want to thank the staff for the work that they have done also at putting this all together. The City meetings that we have had, I know it is not easy. A few things, the community assistance program we need to look at. We've got an agenda committee, and I think we need to put on the agenda, sent to the agenda committee, that we need to look at community assistance programs, and we need to change the ordinance and the way we do it. Our procurement policy, we have an agenda committee. This needs to be sent to the agenda committee that if we need to make some changes to our procurement policy, we need to make those changes. Those lie with 12 members of City Council and the Mayor. Ethics violations, if anyone feels that they have some ethics violations, as some probably heard a while ago, put it together, send it to the Ethics Commission. We can't deal with ethics violations. That's the responsibility of the South Carolina State Ethics Commission. Send it to them. Let them look at it, but I think there was a lot of time wasted for some things that we could do ourselves as Councilmembers through our ordinances, so that's what we need to do, and hopefully, our next meeting will be half as long as this one is. Thank you."

Chairman Seekings said, "Alright, I'm just going to ask a couple of questions of Mr. Majernik just for purposes of scheduling and practicality in getting this audit finished. I just was asking him. So, in order to get done, does August 15th give you enough time to take in all the information you have received and put something back together, so we can get a final internal auditor's report?"

Mr. Majernik said, "The 15th should be sufficient."

Chairman Seekings said, "So, can you get it before the 15th, so we can schedule a meeting for the 15th?"

Mr. Majernik said, "Yes."

Chairman Seekings said, "So, my suggestion is because it's clear there's still some more work to do, that to the extent this Committee is agreeable, that we reschedule what will be the third and final in a series for this audit for the 15th of August for 3:00 p.m., which is a Thursday. If everyone could quickly take a look at their schedules, if people are out of town, we'll work through that, and I see Councilmember Lewis already raising his hand."

Councilmember Lewis said, "I can tell you right now, Human Resources, Traffic and Transportation, we have several committees that have some work that has to be done. We have to pick a new group for the parking garages. All of that stuff, seven, eight, nine books we have to go through, besides my regular committees that I'm serving on, I serve on these procurement committees. So, I'm not going to tell you I'm going to be ready by the 15th of August because everything that they want to do is from August 3rd to August 8th, and that's a lot when you've got a family to run, you've got Church business to take care of, you've got neighborhoods to take care of. I'm not going to bog myself down. I may be here at the next meeting. I may not."

Chairman Seekings said, "Alright, having taken that into consideration, are there any other comments on just timing for all of this, so we can schedule at least getting this thing closed?"

Chairman Seekings recognized Councilmember Moody.

Councilmember Moody said, "I've just got one question for the lawyer and one for the auditor. Robert, since you're up there, I know that immediately after this was discussed, and we asked you to do this audit, the newspaper was there in the office at City Hall the next day looking at the expense reports of all of the 12 of us. The fact that there hasn't been a story tells me there's probably not any news there, but I want to specifically ask you, have you looked at our expense reports to make sure that we're in compliance, and if you have, what were those findings?"

Mr. Majernik said, "I have not yet, but that's on the list, and that's on the question you had provided, so we have not completed that portion."

Councilmember Moody said, "As far as the ethics filing is concerned, I know there at one point was kind of a self-reporting of an ethics violation by one of our Councilmembers several years ago, and the Ethics Commission basically refused to rule on that because they didn't deal with self-reporting. So, I raise that question because the Mayor has said that he wants to report, and I would be glad if he did it, but do we need to do something else?"

Mr. Burchstead said, "No, sir. I mean, I believe I might be familiar with the situation you're referring to. If it's what I'm recalling, there was a question that arose about a Councilmember's conduct, but there wasn't a formal complaint that was filed. So, the Commission's refusal to address that may have just been through an initial evaluation that it just really didn't fall under the jurisdiction of the Ethics Commission."

Councilmember Moody said, "That's really my question. If we're doing it again, should we expect a different result? I mean, because if the Mayor files a request, and says 'I want you to rule on whether or not this is ethical,' that's exactly what this individual did if I'm not mistaken. They said, 'No, we're not going to rule on that.'"

Mr. Burchstead said, "Well, there wasn't a complaint there, and here it looks like the Mayor, it can come in different forms. I mean, anybody on Council, the Council itself, anybody out in the public, can actually file a complaint. If the Mayor is providing information to the Commission itself, and he's not filing a complaint on himself, the Commission can take that information, do an initial review, and the Commission itself can vote to file a complaint. Now, I try not to make the hard calls here because I think everyone is entitled to presumption of innocence. I mean, even if it's an administrative issue as opposed to something more serious. But, I will say that I do have confidence that if the Commission sees this information, that it is sufficient to open an investigation. But, if anybody has any concerns about that, they can file a complaint themselves."

Councilmember Shahid said, "If I could just follow up --."

Chairman Seekings said, "Very few questions, and then we're going to move onto the next agenda item. Councilmember Griffin had his hand up, Councilmember Shahid, Councilmember Gregorie, and then we're going to move on to the next agenda item."

Councilmember Griffin said, "I've got a couple of questions for the auditor, so if you want to go ahead."

Councilmember Shahid said, "While you're standing, and this is sort of what Councilmember Moody had alluded to a few moments ago, in addition to Councilmember Lewis and Councilmember Mitchell earlier, once this information is forwarded to the Ethics Commission, they have this information. They have the ability to investigate to look into other information that is made available to them."

Mr. Burchstead said, "Correct."

Councilmember Shahid said, "So, whoever wants to send something up, they have the ability to send something up. If they want to write a letter and forward e-mails, documents, whatever, nothing's stopping anybody from doing that."

Mr. Burchstead said, "Correct."

Councilmember Shahid said, "And even if no one volunteers any information, the Commission itself has the investigative tools to look into and further whatever information they receive initially."

Mr. Burchstead said, "Yes, sir, and they will investigate. They have trained investigators that are Class 1 certified law enforcement officers. They go and interview witnesses. They can subpoena documents. If they come across other issues in the course of their investigation, they can investigate those, as well."

Councilmember Shahid said, "Alright. Good enough. Thank you."

Chairman Seekings said, "Councilmember Griffin, briefly, and then Councilmember Gregorie."

Councilmember Griffin said, "Just quick points, I promise. Mr. Majernik, that \$50,000 number. All of that money was appropriated before the start of this year. We have not additionally approved any monies to go towards this internal audit, have we?"

Mr. Majernik said, "Council has not approved any additional money for the audit."

Councilmember Griffin asked, "Did anybody tonight touch on Chernoff Newman because I don't think I heard it out of the Mayor. We still don't know what that was for. Did you touch on that in your —"

Chairman Seekings said, "He did."

Councilmember Griffin said, "I must have missed that. I'll go back. Did Roy Willey bill us to meet with them?"

Mr. Majernik said, "I'm not sure. We'll come back to that. We haven't summarized the Roy Willey invoices yet, so we're still working towards that."

Councilmember Griffin said, "In your addendum, you stated that one of the questions was 'Did Roy Willey and Sandy Tecklenburg have access to the e-mail address,' and you said you asked the Mayor, and he said, 'No.' Did you happen to ask Wes Ratterree in the IT Department?"

Mr. Majernik said, "We have, and we have received the log-ins that he had, and there's no clear delineation where he can pin-point one way or the other who it was that signed on. We can show that it was outside the City network that there was a log-on. We can show that it was through the OWA website, and we can show that it's through a City computer, but there's no clear way to point out who made that log-in. There's not a screenshot for the person sitting at the computer."

Councilmember Griffin said, "Just, last point, I need to know, are we going to get an opportunity to ask the Mayor any of these questions because we keep asking the auditor these questions that really should be asked to the Mayor, and then he gets to answer them, with coaching, I'm sure. Like this, I want him to say on the record whether or not these things happened or not. I've got a laundry list of questions that I think are inappropriate that should be answered. The whole point of us meeting, I thought, was because we were going to ask the Mayor these questions, and we haven't been able to do that."

Chairman Seekings said, "We are going to have another meeting. We'll set an agenda, and any requests there, we'll talk to our legal counsel and get something up. If it's a personnel matter, we'll go into

Executive Session, but I do believe a follow-up will be had after this. Councilmember Gregorie, then we go to Item #4.”

Councilmember Gregorie said, “My question for the Ethics Commission. I have two questions for you because as an ex-HUD employee, the Secretary of HUD could initiate a complaint on its own, and I think what I just heard you say is that you also have the capacity to initiate a complaint absent a complainant if you have the kind of information necessary in order for you to initiate that. Am I correct?”

Mr. Burchstead said, “Well, to be clear, I formerly worked at the Ethics Commission. I don’t work there currently, but the Ethics Commission itself, you are correct. It can get a complaint, I mean a certified complaint from any individual or even an organization, or it can open one on its own based on information provided, and there are a lot of reasons for that. Sometimes there’s somebody who doesn’t want to be the whistleblower.”

Councilmember Gregorie said, “So, the answer is, yes, the Commission can do and initiate a complaint absent a complainant.”

Mr. Burchstead said, “Yes.”

Councilmember Gregorie said, “If I hear you correctly.”

Mr. Burchstead said, “Yes, sir.”

Councilmember Gregorie said, “My next question then is based upon the information that you have before you with regards to this audit, is there enough information here for the Commission to initiate an investigation on its own?”

Mr. Burchstead said, “Yes, I mean, I don’t want to make the hard calls, but the standard for initiating a complaint is fact sufficient.”

Councilmember Gregorie said, “Yes.”

Mr. Burchstead said, “So, they’re not making any calls initially on whether the information out there is true.”

Councilmember Gregorie said, “Correct.”

Mr. Burchstead said, “But if it was true, is it a violation of the Ethics Act? Also, there’s a judgment call.”

Councilmember Gregorie said, “I think you answered both of my questions that one, it can be initiated, two, there’s enough information for the Commission to initiate investigation. I think I heard you say a ‘yes’ to that.”

Mr. Burchstead said, “Yes.”

Councilmember Gregorie said, “My next question, aside from the ethics violation, at what point, if ever, do you connect with the Hatch Act and Hatch Act violations?”

Mr. Burchstead said, “The Ethics Commission doesn’t connect with the Hatch Act.”

Councilmember Gregorie said, “Okay, so that’s separate from ethics violations.”

Mr. Burchstead said, “I have no opinion one way or the other on the Hatch Act.”

Councilmember Gregorie said, "The reason why I'm asking is because we continue to ask for answers based upon ethics violations. I think that we also need to determine whether or not there are any Hatch Act violations, and some of what I've heard thus far, potentially there are some Hatch Act violations, but that's not a question to you. I just wanted to make sure that what you do is separate from the Hatch Act."

Mr. Burchstead said, "Sure, and I should make clear that I mean as far as the Ethics Act, any kind of questions about the public purpose of certain expenditures, generally speaking, those aren't Ethics Act issues unless if some of those expenditures benefited personally the Mayor or a family member or a business, which we didn't find anything like that."

Councilmember Gregorie said, "I'll finish after this. Based upon the answers that you just gave to me, will you be recommending to the Commission to initiate an investigation on its own, regardless of whether or not anybody submits a complaint because if I heard you correctly, you said there's enough information here that it can be initiated. So, my question is, will you make recommendations for such an initiation?"

Mr. Burchstead said, "I'm not sure that that's my roll to make that recommendation, and I don't know whether they would listen to me anyway. I think they will judge the evidence, and the Commission would make that call."

Councilmember Gregorie said, "Thank you very much."

Mr. Burchstead said, "Sure."

Chairman Seeking said, "Alright."

Councilwoman Jackson said, "I'm very sorry, but I think going first, I misunderstood that this was going to be a round of questions, and I thought you said we were going to have a chance to make some statements. So, I don't have a lot to say, but I do have a couple of statements. I really appreciate now going last because, basically, I can't get into this whole report with Mr. Majernik's detailed audit and the recommendations to follow each one of his findings and observations and correspondence to Mr. Burchstead's memo expecting that no matter what happened in terms of the Mayor explaining the findings from his point of view, that we would be working hard as a Council, Councilmember Lewis, to follow all of the recommendations and improve on them. So, I don't think that there is any question that we're not sitting here, telling the truth, listening to the truth, getting to more truth. I admire the time you all have spent getting down into stacks of documents and all of that, but I thought that this was going to be sort of the beginning of an improvement process because that's really what we're developing here where there's an opportunity for people to make mistakes or not be well-trained or have inconsistencies between our ordinances and our procedures. So, that's the assumption that I came into this whole process with, and on that basis, I think this is a good day for Charleston and not a sad day. We are sitting here bringing things into the light that are only going to benefit us as the decision making leaders of our community for the time being that we are elected and of that privilege, and our City into the future. So, thank you very much, Mr. Majernik, for being on the hot seat in terms of just needing to ask hard questions of the people that are supervising you and employing you, and I hope that you feel well appreciated and strong in your ability to do what you did because you definitely proved yourself. So, thank you very much, Councilmember."

Chairman Seekings said, "Item #4, before we get into it, it shows on there Councilmember Griffin asked for it. A number of people have talked about this, so, just so I'm clear on our understanding, one of the questions that has come up during this process and because we're going to have another meeting, I think it's good for discussion purposes now, and we can put it on for a vote, either through the Audit Committee or for Council later, is the manner in which we structurally handle internal audits, which include, but are

not limited to the Mayor's office and the reporting mechanism for Mr. Majernik. Am I correct that that's the concern?"

Councilmember Griffin said, "There was a second part to mine."

Chairman Seekings said, "So, as a prelude to that, I'm going to turn it over to Councilmember Griffin."

Councilmember Griffin said, "So, not only that, but also, you know, this is really the first of its kind, and I know, Councilmember Seekings, you've made some public comments about whether or not you should recuse yourself, and I think that needs to be discussed, too. If you're not going to preside over the next meeting, or if you're going to recuse yourself or you think other people should, we should make that public, too. I just think people deserve to know, and we should know going into the next meeting what to expect on that."

Chairman Seekings said, "I fully plan to be here unless something comes up that would otherwise require me to recuse myself, and I think everybody else here does, too. I've never heard anything yet that would change that. Now, back to the reporting structure. Do we want to talk about that? Pardon me?"

Councilmember Gregorie asked, "What do you have to say about it?"

Chairman Seekings said, "So, the reporting position of Mr. Majernik? So, my feeling is from what I've heard and what we've seen, I do believe at this point, structurally, he's in a tough position. You all remember that I've now been Chairman of the Audit Committee for ten years and because we only meet once a year, usually, I always start our meetings by stating, and it was formally Ms. Wharton, now Mr. Majernik, that they have the loneliest, toughest job in America because they do. Let me tell you, it's not lonely anymore. It's both lonely and very difficult. So, I do think we should look at the structure of how the Internal Auditor reports out because among the duties that he has, as we've seen in full pages right here during the last couple of months, one of the things he has to do is audit his boss. So, I certainly, and I think this Council as a Committee of the whole, I'm open to suggestions about how we restructure that. I don't know how that actually quite is going to work, and we may need some legal advice on it because we're also part of the process. It may be that Mr. Majernik is banging on our door, too. In fact, one of the things that's been asked in this audit is for him to look at our expenditures and our expenses. So, how do we do that? I'll certainly open the floor to any discussion about that. I do think that any decision we make on this should follow the close of this audit. I don't think we should make a structural change in the middle of an audit. I think that would probably not be the best thing we ever did, but hopefully we're going to close this out. So, I see someone ready to hit the microphone."

Councilmember Moody said, "I'm a little uncomfortable changing horses in midstream right now. So, I would be interested from Mr. Majernik's point of view, my thought was that he would report to the Audit Committee, which is a Committee of the whole, that in our budgetary process, that we would, just like everybody else, maybe in connection with the Mayor, look at salaries and what have you, but I think we need to kind of spread out that authority. I wouldn't want him reporting just to me because for the same reason, if I'm the one that's doing something, then he's in a bind. So, I think the more we can spread out that, the more maybe secure Robert would be, or whoever's in his position. I'm a little bit even weary of talking about it right now. It's almost like let's get this over with, and then as we go through this Ad Hoc Budget process that we look at that as one of the items, and look at it from the legal standpoint. We're almost taking something away from the Mayor's office. We need to be sure we're on solid ground when we do that."

Chairman Seekings said, "I totally agree with that. I think that's the right approach. I do think that's something we need to look at, though. I don't think it should be midstream."

Councilmember Moody said, "I think even discussing it right now gives me a little bit of, okay, I mean, I trust Robert. Let's finish this and then talk about it and then take the names out of it."

Chairman Seekings said, "Certainly I have a motion to limit discussion on this item and put it off until our next meeting, however, you all want to handle it. It is an agenda item that's on here. Yes, sir."

Chairman Seekings recognized Councilmember Waring.

Councilmember Waring said, "I agree with what's just been said, but I definitely think the system of him reporting should change. I think he should report to the Committee as a whole. So, whenever that conversation comes about, that's where I would lean, but I think we made a mistake. We really put our people in a, number one, we didn't know it was going to go as far as it was going to go, and Councilmember Gregorie said it. I think once you get down this path, I guess we finish it, but we really should have done this with an independent auditor. The whole question about \$50,000 would have been easy. It wouldn't have been, 'well, I account for my time.' I don't even think our Legal Department would have been in a position of hiring an outside attorney. The outside auditor would have been doing their job, and we'd have continued doing ours and eventually a report would be made. So, I think this will be a lesson to not only the Mayor, but all 12 of us because when we voted to do this internal audit, it was a unanimous vote, 13 to 0. It wasn't a divided vote, so going forward, if we're going to have an audit of this magnitude, I think it should be independent and not internal for the reasons not only our staff have found out, but we, too, have found out. The precarious position that they have been placed in is unfair. Councilmember Gregorie said it, and I agree with it, but I hope that we never do that again. Quite frankly, when it came to some of these e-mails where our professionals, frankly, gave advice to the Mayor, I wasn't familiar with those e-mails until they were read today, frankly. I guess I haven't gone through the 850 documents. I didn't do that homework, but I will. When you get advice, and I know we do all the time, the Mayor and his staff, we get almost just as much advice from the legal staff, the County, Parks and Recreation, Stormwater, Public Works. The departments go on and on. They give us the best advice that they can, but when you are in between a rock and a hard place between a Mayor and Council on differing views, you really need some independence. So, I would think going forward, and I think finishing up this audit, quite frankly, I know you don't like to change horses in the middle of the stream, but I still think independence will have its place in this reporting because even in the Mayor's self-reporting, and I think that's noble of you to self-report, Mr. Mayor. I don't know that some of these e-mails would make it to the Ethics Commission, could be overlooked, could be missed, and you know what, and we're talking about whether outside counsel will report something. You know, the hard decisions are going to have to be made right here. If Council votes to file for an ethics investigation, then I guess there would be a complaint to be investigated, counselor. So, I don't know that we can hire people. They can give us advice, but the call whether we will or not, should come back to this body. Thank you, Mr. Chairman."

Chairman Seekings said, "Are there any other comments? Yes, sir."

Chairman Seekings recognized Councilmember Lewis followed by Councilmember White.

Councilmember Lewis said, "Again, you're talking about changing the way the auditor reports. If that's going to be changing, we need to bring that to City Council because we're going to be changing our ordinance, so we need to bring that up probably sometime in September. If you all want to change it, we need to bring it to City Council. If this Council doesn't want to file any kind of complaints with the Ethics Commission, any one of the 12 persons sitting around this table feels that he or she wants to do it, that's their right to have the right to do it, but we shouldn't have to make that call as a Council because right now we've got information before us. Some of us might feel that something else needs to be done, and some of us don't. So, if any individual sitting here wants to file something with the Ethics Commission, that's their right. The whole Council doesn't have to do it."

Chairman Seekings said, "I think Councilmember Lewis is right, but consistent with among others, Councilmember Gregorie's view that we should run things through committees, I do think the structure of this when it finally does come to Council should come through the Audit Committee. I do agree with Councilmember Moody, and I think there's a general consensus that this is not the perfect time to be doing this, but sooner rather than later is better. So, I think that's the way we should look at it. Councilmember White had his hand up."

Councilmember White said, "Thank you, Mr. Chairman. Along the same lines with regards to the auditor's reporting structure, I think one of the challenges that I have identified through this process in our system, if you will, for a lack of a better word, a whistleblower policy or ordinance. It's clear to me after reviewing just a few e-mails that there were a number of employees that had some serious concerns about the activities and actions of the Mayor and the Mayor's office. Subsequently, if they felt confident and comfortable in being able to state those facts, we may have headed this off well before we got to this point. So, I would certainly hope, I don't know that it's an item that this body would take up, but maybe the HR Committee would look into making sure that if we have a whistleblower policy that it's iron clad, and if it's not, we need to go back. They also need to make sure our employees recognize and know that they will be protected through this process in the event they do come forward with information that they feel meaningful, and I have to commend our employees. Let me tell you how proud I was to read an e-mail from a staff member who is not a department head and wasn't even a manager, but called into question the actions of the administration, and it was solely based on the fact that they didn't feel comfortable that that was the right use of City taxpayers' dollars. We should all feel very proud of staff members for doing that. They have the best interests at heart of our City, and that's commendable, but we need to make sure that goes all the way to the top. Thank you."

Chairman Seekings said, "If there's no further discussion --"

Councilmember Lewis said, "I'm just going to say this last thing that's on my mind. If this had started five or ten years ago, maybe the City might have been in a better position. We have had citizens in this City. We've had workers in this City that filed complaints, and you know what happened to them? They lost their job, and they had to file a confidentiality statement. So, this thing just isn't starting right here with the Mayor's office. There's a lot of stuff that's been going on in this City. Maybe the 12 of us sitting around this table might not have been this 12, but Councilmembers should have known. They didn't know, and I can tell you, some good people got fired from this City for telling the truth on their boss and had to sign a confidentiality statement before they could even draw their retirement money. So, we need to think about how we think about things."

Chairman Seekings recognized Councilmember Griffin.

Councilmember Griffin said, "With all due respect, Councilmember Lewis, we can't worry about the past."

Councilmember Lewis said, "Oh, no, I worry about the past because it's happening to some of my people. You know, we're doing this with the Mayor, but this has happened when some of the said people sitting around this table have been working on City Council. If you're looking at the past, no."

Chairman Seekings recognized Councilmember Griffin.

Councilmember Griffin said, "I mean, all I'm saying is that we can't worry about what didn't happen before and who didn't make decisions before. We have an opportunity to do something now, and if we can make sure that our City employees have the ability to share information that they feel compromises integrity, they should do that without any repercussion whatsoever. I'm sorry that practice should have been done ten years ago, but that shouldn't be a reason why we shouldn't do it now."

Chairman Seekings said, "Okay, so, my general understanding is the will of this Committee is that the discussion on the internal auditing reporting structure will continue following the closure of this audit. It will run through the Audit Committee, and we'll take it to City Council. Does that suit you? Yes, sir."

Councilmember Moody said, "Let me ask you one other question because I know we're in crazy season right now, and my understanding is the Ethics Commission will not undertake any kind of investigation 60, 90 something days before an election. I mean, I don't want to run afoul of that, but I don't want to just ignore this either."

Mr. Burchstead said, "Well, you're correct. The standard is 50 days inside of an election and then, also, I don't have the exact days there, but if it's more than 50 days outside of an election, but the Ethics Commission doesn't think they can finish the investigation within 30 days of the election, then they will probably, if it's a viable complaint, accept the complaint and then take it up after the election, and that's the process."

Councilmember Moody said, "I just wanted Council to know that we're running up against a wall. If we want something quick, it's probably not going to happen."

Mr. Burchstead said, "I think it's highly unlikely given the Ethics Commission's practice and their schedule that they could get this done in time anyway. I mean, they just had a meeting. They meet in the odd months every third Thursday, so there was just one in July last week. So, the next one's in September, and there's just no way it could happen really."

Chairman Seekings said, "Thank you. Before we get towards structure and adjournment, I did forget to do one thing which was take up approval of the minutes from our July 15, 2019 meeting. Do I have a motion?"

On a motion of Councilmember Moody, seconded by Councilwoman Jackson, the Audit Committee voted unanimously to approve the minutes of the July 15, 2019 Audit Committee meeting.

Chairman Seekings said, "Alright. So here's where I think we are. We have received more information from Mr. Majernik. There's been one round of questioning from City Council. We've gotten a report from Mr. Majernik that there is still work to be done on this audit, that he has told us he can have it completed by the 15th of August, and that would be a good day to meet. We've heard an objection from Councilmember Lewis on that date. I would like to at least tentatively set that date subject to some conversations with Councilmember Lewis just to give Mr. Majernik a target to get this report done and get it back to City Council for any comment. For the interim, as Chair and for our legal counsel, we will take any suggestions on what the agenda will look like for the next meeting. It will certainly include the presentation of the final report, and we will go from there. So, any comment under sort of structure as to where we're going to go from here?"

Councilmember Moody asked, "3:00 to 5:00 p.m.?"

Chairman Seekings said, "3:00 to 5:00 p.m. is my thought, yes. The 15th. Councilmember Lewis said he wasn't sure yet, and we certainly give him some latitude as he looks at his schedule. This is a committee of the whole. This is a tough time of the year. I get that. Yes, sir."

Chairman Seekings recognized Councilmember Waring.

Councilmember Waring said, "You know, I know the draft was under wraps, but going forward, can we get any of this information before we come here? I mean, give it to the Mayor, give it to us. I'm talking about the information that you're going to review for the 15th, the additional questions that have come forward. Do we get a chance to look at any of that information prior to the 15th?"

Mr. Majernik said, "If we did that, I'd like to push it back a week, and that gives us time to get it done on the 15th."

Chairman Seekings asked, "Can I just make sure we understand the question. I think what you're asking is can we see, for instance, the documents, the FOIA requests, all of that, which is already in the public realm, not necessarily your conclusions, the documents that are coming. Am I right about that?"

Councilmember Waring said, "That's right. That's what I mean."

Chairman Seekings said, "So, those documents are available, and I think we can make sure they get, and anything in addition that comes to Mr. Majernik, we will make sure they get to Council, but I would like to see if we can keep on track for the 15th. He will get us his report as soon as he can, and we'll all see it at the same time."

Councilmember Waring said, "The reason I'm saying that is we can have some questions prior to coming here. That's why."

Chairman Seekings said, "Totally get it, and with the document, and it's a lot of documents. If you have something in there, get it to Mr. Majernik. Yes, sir."

Chairman Seekings recognized Councilmember Griffin.

Councilmember Griffin said, "I mentioned before about being able to ask the Mayor questions, and you had mentioned an executive session for that."

Chairman Seekings said, "No, I didn't say for that. I said we will look at an agenda between now and then, and it may or may not include depending on where we go, an executive session."

Councilmember Griffin said, "Well, I would like to see on our next agenda an opportunity to ask some of these questions. If we have an opportunity by that point to look at all the documents, then we should be able to ask the Mayor some questions."

Chairman Seekings said, "Noted. Alright, anything else?"

Chairman Shahid said, "I do."

Councilmember Lewis said, "Move for adjournment of the Audit Committee."

Councilmember Lewis seconded the motion.

Chairman Seekings said, "So, we have a motion and a second. Before we go, I do want to echo, I think, on behalf of everybody on City Council and the Mayor, we get it. You've got a tough road to hoe. He's been going through a whole lot, not just this audit. It's been a rough road. So, thank you for all you've done for our City. You'll never be completely appreciated, but appreciated nonetheless. So, thank you, and I think Councilmember Gregorie said it well. We admire, but don't envy you. So, with that, we've got a motion and second to adjourn."

On a motion of Councilmember Lewis, seconded by Councilmember Mitchell, the Audit Committee voted unanimously to adjourn the meeting at 5:51 p.m.

Jennifer Cook
Assistant Clerk of Council