

TO: Davis Street Family Resource Center Board of Directors

FROM: Chris Zapata, City Manager

RE: SEPARATION OF CITY MANAGER FROM CERTAIN ACTIVITIES, PROJECTS AND PERSONS

DATE: January 16, 2018

Thank you for your service to the community of San Leandro. This communication is to inform you of changes contemplated to accommodate and continue the long partnership between the City of San Leandro and the Davis Street Family Resource Center. A series of events in 2017 have created a need for me to temporarily separate myself from a number of community initiatives including those of the Davis Street Family Resource Center. This decision is related to Board President Gordon Galvan and Chief Executive Officer Rose Johnson and includes:

- Davis Street Family Resource Center
- Davis Street Wellness Center
- Marea Alta Childcare Center

In addition to these Davis Street related initiatives, I will be temporarily separating myself from:

- San Leandro Improvement Association
- San Leandro Chamber of Commerce
- Galvan & Associates clients
- Galvan 60 Unit Apartment Project
- Lit San Leandro – Galvan proposal to connect Assumption School to high speed fiber

These are all important initiatives that have been and will continue to be ably managed by other city staff. Suffice it to say I have plenty of other responsibilities that include personnel, police and fire services, financial review and sustainability, as well as development projects including San Leandro's Shoreline project and largest ever Capital Improvement Program.

The basis for separation is rooted in my professional assessment that any interaction with Galvan and Johnson related to these initiatives may be deemed conflicted or retaliatory. Galvan and Johnson are involved many community areas. For Galvan, including his Davis Street Family Resource Center role as Board President, Galvan is a former San Leandro City Councilman, a current Alameda County Fair Board member, a current San Leandro Chamber of Commerce Board member, a current principal of Galvan & Associates, current Davis Street Wellness Center Director of Government Relations and current President of the San Leandro Improvement Association. For Johnson, Johnson is a former Chamber of Commerce Board President, a current Alameda County Fair Board member, current Davis Street Wellness Center Director of Community Services as well as Chief Executive Officer of the Davis Street Family Resources Center.

To provide context I submit the following information which arises from meetings, public documents, reports and articles related to Galvan and Johnson. These are not attorney client protected documents, in fact most of the documents come from a public information request made by Johnson. I have substantial other information to provide further context for that I may provide upon request. I also want to provide strong assurance that the City of San Leandro has been and is a partner in a shared mission to serve those in need.

The drivers of this decision are related to events in 2017. In particular three serious allegations forwarded by City Councilmembers and three inquiries of this allegation by other elected officials and peers. When allegations are made a fundamental question is what motives are related. I provide what I believe are reasons for these allegations.

In addition, I write to inform you that the City of San Leandro City Attorney advised me that a 3<sup>rd</sup> party investigation into matters that I presume are related to Galvan and Johnson has been directed by the City Council. The obligation of the City of San Leandro to conduct a thorough and unbiased investigation as a result of a privileged letter received by the City Attorney is fully understood and I pledge my full cooperation. I also understand that negative findings may result in discipline up to termination of my contract as City Manager.

Attached are documents that provide context reflecting public records, correspondence, articles and telephonic information related to three allegations forwarded by Councilmember Ballew, Councilmember Hernandez and Councilmember Lopez. I have also included 3<sup>rd</sup> party respondents that were involved in these same three allegations. Understanding public officials are fair game for news but private citizens may not be - I've redacted many names of individuals.

To provide additional clarity, I can provide specific information on topics, meetings, between myself, CEO Rose Johnson and Board President Gordon Galvan as well as locations. Meetings requested by Johnson and Galvan related to the following:

- Davis Street Family Resource Center Federal Clinic Loan - Johnson
- Davis Street Wellness Center Cannabis Dispensary Process – Johnson & Galvan
- LINKS Transportation Business Improvement District - Galvan
- Galvan Housing Project - Interaction with City Manager and city staff - Galvan
- Community Development Block Grant Teagarden Loan – Galvan & Johnson
- City of San Leandro - Marea Alta Child Care Contribution - Johnson
- Alameda County Industries - Franchise with the City of San Leandro - Galvan
- San Leandro Improvement Association - Loan Agreement with the City of San Leandro - Galvan
- Galvan & Associates client – Enterprise dealings with City Manager and city staff - Galvan
- 1160 Davis Street Property sale – AM PM Mini Mart Expansion - Galvan

Below is a summary of the three allegations forwarded by Councilmembers during 2017:

1. Inappropriate behavior toward Davis Street CEO Johnson - Councilmember Ballew
2. City Manager falsely imprisoned Davis Street CEO Johnson - Councilmember Hernandez
3. Transactional pressure in the exchange of a federal clinic \$1.5 million dollar check toward Davis Street CEO Johnson - Councilmember Lopez

Third parties with information related to these allegations include:

San Leandro Mayor Pauline Cutter

City Attorney Richard Pio Roda

In 2017 I was also informed that specific persons were inquiring about these allegations.

- through
- California Assemblymember Rob Bonta through City Attorney Richard Pio Roda
- Alameda City Councilmember Jim Oddie

## **MOTIVES FOR ALLEGATIONS REGARDING CITY MANAGER**

### **JOHNSON – RETALIATION**

1. Anger at perceived breaking of trust by City Manager
2. Embarrassment and anger over public articles and letters
3. Resulting fear of losing credibility in community with donors/sponsors/elected officials
4. Potential loss of \$300,000 to \$325,000 for repayment Community Development Block Grant loan
5. Fear of losing City support – grant, loan, departments and city affiliates provided approximately \$3,000,000 since 2012
6. Financial pressure and related stress to late pay back \$1,500,000 federal clinic loan
7. Anger over struggle to locate lucrative Davis Street Wellness Center medical cannabis dispensary
8. Upset at City Manager's perceived lack of support and neutral response to political and labor leader pressure
9. Removal of City Manager

### **GALVAN – RETALIATION**

1. Anger at losing LINKS Business Improvement District Shuttle contract totaling approximately \$500,000
2. Anger at failed cannabis dispensary bid in 1<sup>st</sup> round. Stated Harborside San Leandro was unfairly selected due to City Manager relationship with– threatened City Manager

3. Embarrassment over recommending a Marina Blvd. site owned by which did not meet the 1000 foot separation from the Boys and Girls club stating that a six month hold on the property had been signed off on and would cost Davis Street Family Resource Center \$30,000
4. Anger at City staff over perceived lack of support for 60 unit Galvan Apartment project texting me from New Orleans his vacation was “fucked up” and he was going to pull the plug on his project and lose hundreds of thousands of dollar and time
5. Frustration regarding perceived lack of city staff support for clients of Galvan & Associates
6. Pressure to ensure \$350,000 personal loan to extinguish \$1,500,000 Federal Clinic loan is repaid by Davis Street Resource Center
7. Pressure to grow Davis Street Wellness Center model beyond San Leandro and concern about City Council support for City Manager
8. Removal of City Manager

## SIGNIFICANT EVENTS

### 1) SIGNIFICANT EVENTS - Johnson

**In early 2012** I met CEO Johnson through former Mayor Stephen Cassidy at his urging terming her “a community leader”. To understand who Johnson was, I asked then Recreation and Human Services Director Carolyn Knudson about Johnson and she called her a “powerhouse that ran many community programs”. At the first meeting I requested, Johnson invited and drove me on a tour of the Davis West neighborhood which she termed the most distressed in the City and introduced me to resident/activist (in 2014 I moved into Davis West with my partner). I was impressed with the Davis Street Resource Center commitment to helping those less fortunate. CEO Johnson expressed her gratitude that a Latino was in a position of authority. She also let me know her roots were in San Leandro but she lived in Pleasanton with her husband former Fire Chief Bill McCammon. She then said she looked forward to working together to help bring needed services to residents in San Leandro. I told her that would be easy for me since I came from that.

Later that year CEO Johnson appeared before the City Council to strongly advocate for City funding and commitment to a child care facility at the San Leandro BART stop which later became Marea Alta. At a community meeting held at the Ford Dealership in San Leandro she and her Davis Street associate approached me about purchasing tickets for a Davis Street fundraiser. I paid \$600 cash for two tickets with Johnson saying “you’re so hood paying with bennies”. My partner and I attended the May 14, 2012 event at Paradiso’s where we were seated next to CEO Johnson’s adult children. At later dates she invited and I to Davis Street events confiding that special guests were going to perform for annual fund raisers. These included comedians George Lopez and Dana Carvey. We did not accept these invitations including those in which she found sponsors to pay for our tickets. She also inquired on twice if would come to work for Davis Street stating “we need Spanish speakers”. This was never considered.

Around this time she requested a meeting in her old office at Teagarden Street to discuss social service needs in the community. At this meeting she suggested that a 'social service needs analysis be conducted by the city' and that the City of San Leandro pay more attention to growing needs of children and poor families. At this meeting she also brought up the name of her Board President Gordon Galvan. She stated "Gordon thinks you don't like him". Having met Galvan with in discussion of a digital sign on the 880 Freeway I understood. I recounted this to CEO Johnson "brought him to a meeting and I questioned why he needed Galvan there, I'm not elected and did not need lobbyists to meet with me" Galvan then stated "I'm only here as friend". Galvan lists as a client on his Galvan & Associates webpage. CEO Johnson then said "Gordon is misunderstood because he always looks so serious, give him a chance". I told her I would be open to that suggestion.

I did some research on Galvan and knew he was a former City Councilmember and was told he had married the daughter of a prominent businessman in Alameda County. Subsequent conversation with staff and a Councilmember pointed to a concern. The narrative was Galvan left the City Council prematurely under a cloud. Later I was alerted that Galvan had been fined \$11,250 by the State of California Fair Political Practices Commission for campaign disclosure violations. In any event, I resolved to honor CEO Johnson's request to give Galvan an opportunity.

In addition to individual meetings, over the past six years I saw Galvan at various events and at times Johnson. Besides events, there was great overlap between City Council meetings, Chamber of Commerce Board meetings, the Sentinels, PACE, San Leandro Improvement Association, and a Unity in the Community meeting.

I can provide public documents related to meetings with Johnson and Galvan as well as fundraising event at Paradiso's.

## 2) SIGNIFICANT EVENTS – GALVAN

To honor CEO Johnson's suggestion that I give Board President Galvan a chance I spoke to him at Chamber of Commerce event. He asked me about hobbies to which I replied sports and ping pong. He then stated he played "a mean game of ping pong". I suggested we play sometime. During the following years he would offer me tickets to the Golden State Warriors games – I respectfully declined, the San Francisco Giants games "I have great seats" – I respectfully declined, his Alameda restaurant "where his chef would cook any type of Mexican food I want" – I respectfully declined, he offered to present his personal tailor to fit me for suits – I respectfully declined. He invited me to the Alameda County Fair and to encourage me he said as a Fair Board member (as is CEO Johnson, and recently Councilmember Hernandez) he could get me close to the concert performers recounting an Eddie Money performance – I respectfully declined. He offered to rent me his downtown, four bedroom, two bath home with carriage house for \$1900 dollars a month – which I also declined.

One of my first interactions with Galvan involved a owned property on Marina Blvd. Then Police Chief Spagnoli had informed me that it was operating illegally and she was poised to shut it down. Galvan requested a meeting suggesting the operation "was no different than the scratch cards you get at

McDonald's". I asked the City Attorney to look into it who rendered the opinion a few months later - that it was not legal and it was closed down. In the meantime, collected rent from this operation.

As the contract holder responsible for managing the LINKS shuttle Galvan requested a meeting with me. He arrived and gave me the history of how he started the service and Business Improvement District and all of the flack he had to take from individuals in the community. He then asked if I could assist him lobbying AC Transit for \$100,000 to enhance the service. He asked if I knew then General Manager David Armijo and asked if I could arrange a meeting. I reached out and scheduled a meeting in Oakland at AC Transit's office where Galvan made the pitch for \$100,000. Armijo was receptive and said he had to work through his board and the unions. Later Armijo and AC Transit separated. After this separation I approached the Board President of AC Transit after a meeting and she was not receptive to the pitch.

Early in my interactions with Galvan as we were walking out of City Hall he let me know he had a medical cannabis opportunity with a potential client. I told him that the Council was divided on the issue of cannabis which he knew. He stated the cannabis product that would be produced would be for medical purposes without the "high". This was counterintuitive to me as I was unaware of the advancements in the cannabis industry. I said "like sugar free" he said yes and I said we'll see what the Council wants to do.

One day Galvan let me know he and his wife were going to New York and I suggested my son who lived in Manhattan could give him some tips. He invited my son to have a drink with his wife and then reported "your son is real good - he beat me to the check". One evening Galvan came to my house at 2139 Laura Avenue to play ping pong with Councilmember Benny Lee, City Attorney Rich Pio Roda and myself. Galvan was not ready for prime time, I dominated him winning every game but he had fun - he suggested he was going to bring his boyhood friend over to beat me. Shortly thereafter he asked to come back and I said fine. At a later date in the evening he arrived with a stranger, it was not his boyhood friend. This stranger was introduced to me as who produced a very nice new bottle of tequila that he said was for me. I demurred - he insisted I would offend him if I refused. I agreed with the condition I had to reciprocate with an equally nice bottle of tequila and we shook hands. was slightly better than Galvan but he was not ready for prime time either and I dominated him winning every game as well. No city business was discussed or requested to be discussed by Galvan or at these ping pong events. However, later called my office to request a meeting regarding doing finance work for the City of San Leandro. I agreed and when he left the meeting I provided him a \$100 bottle of Clase Azul tequila. When he ran into me later he said the tequila was very good. got a positive recommendation from former City Manager John Jermanis but has yet to be retained by the City of San Leandro or the San Leandro Unified School District during my time in San Leandro.

I can provide public documents including City Manager Form 700's detailing gifts since 2012

### 3) SIGNIFICANT EVENTS - GALVAN

The first medical cannabis dispensary awarded provided what Galvan termed a loss. After well attended community meetings, local news coverage and a change by the City Council from not allowing medical

cannabis to considering one medical cannabis dispensary, the selection process was very intense. The approach I suggested of City Council was on the front end approving a 3<sup>rd</sup> party consultant and not being involved during the review and evaluation until a recommendation was made. This approach was praised as a model by some. Galvan was critical of the consultant recommended by staff and approved by the City Council alleging they were in trouble and affiliated with Harborside Oakland.

The City Council awarded the medical cannabis dispensary to Harborside San Leandro by a 7 to 0 vote based on a staff recommendation which I edited and approved. Knowing that this was a difficult decision by the City Council due to intense lobbying and past support for Davis Street Resource Center, I added a sentence to the effect “the city should consider a 2<sup>nd</sup> dispensary if the first one does well”. This was despite unethical tactics employed by Davis Street Wellness Center’s team including listing Oakland City Council Member Larry Reid as a supporter (Councilmember Reid took it upon himself to call me expressing his displeasure as “he did not know Davis Street” and did not want to be affiliated with the application). also told Mayor Cutter that his name was wrongly used in support of the Davis Street Wellness Center proposal. There was also an attorney for Davis Street Wellness Center who sent a highly critical letter the afternoon of the September 8<sup>th</sup> meeting pressuring the City Council and myself to reconsider the staff recommendation.

**On September 8, 2015** After HarborsideSL was awarded the first cannabis dispensary on the 7- 0 vote I arrived late to my house and saw a text message from Galvan “I will not forget, I will not forget, I will not forget” I text back “?”, Galvan texts again “I will not forget, I will not forget, I will not forget”. I also received a text message from who testified in support of Davis Street Wellness Center application. I did not understand message. He later explained it was a bad loss - 7 Councilmembers voted against Davis Street so his message was it was a touchdown.

Later according to Galvan he told the Davis Street Family Resources Board “we lost the dispensary because and the City Manager probably had a deal”. He asked to meet me at Paradiso’s and volunteered that he had said that. I said “How could you say that?” He stated “I was wrong and I’m apologizing”. I stated “I’ve had way more meetings with you than anyone in this city including and he’s never been to my house”. I then accepted his apology. In a separate meeting organized by former Mayor Stephen Cassidy to discuss concerns about a proposed project on Bancroft and Estudillo, , a Davis was one of four neighborhood attendees. After the meeting I took the opportunity to take her aside and ask if she heard this from Gordon – she acknowledged she did but told me not to worry about it.

Galvan then took it upon himself to invite me to his vacated Bay-O-Vista house where he told me how bad the year had been for him and that he wanted to be sure I was not out to get him. “I lose the BID contract that I started and the dispensary”. I explained the rationale for the staff recommendation to award the bid to Harborside SL. I also let him know that while the Davis Street Wellness Center technical scoring and interviews were strong, a negative was the physical tour the evaluation team conducted of Davis Street Wellness Center at the Green Door in San Francisco. I told him there were three problems 1) at the beginning of the tour a client walked straight through security in front of our group of which he and Johnson were a part of and had to be yelled at to return 2) In the packaging of the cannabis product unsanitary handling caused a concern as one of the workers was eating pizza as he

worked with the product 3) that the laxness and sheer number of people freely walking in and out of the facility's non- public area was also a big security concern. I told him the other two dispensaries had shined in the tour and this was a negative to the Davis Street Wellness Center application. I asked him why he repeated the text saying "I will not forget, I will not forget, I will not forget" he said he was on a cruise in the ocean and was not sure if I got the first text and only repeated to see if I got it.

He stated he thought my staff in particular Community Development Director Cynthia Battenberg, had "screwed him" I told him this was not true and if he had any concerns about the BID contract he never raised them with me and he had ample opportunity to do so. The BID contract had paid Galvan approximately \$500,000 total. He stated "Dan Walters (Board President) and Cynthia Battenberg conspired with former San Leandro City Manager Mike Oliver to take his contract". He then conveyed that was out to get him because in the past " \_\_\_\_\_" lamenting "everyone thinks I'm rich because my wife has money". He then suggested that city staff led by Cynthia Battenberg was delaying his downtown apartment project. I told him the City was supportive of the project as housing was a serious need in San Leandro. He again apologized and I accepted. After this meeting I spoke to Battenberg who denied conspiring with Walters and Oliver. To create a win-win scenario - with Battenberg being extremely busy and Galvan having this concern - I replaced Battenberg on the Board as a city representative. I monitored the meetings and work product by Oliver and found all in order.

I can provide public documents related to the City of San Leandro Medical Cannabis Dispensary and LINKS Shuttle Contract with Galvan

#### 4) SIGNIFICANT EVENTS – JOHNSON, GALVAN

A favorite term of CEO Johnson is "a leap of faith". Besides all of the good that Davis Street Family Resource Center accomplishes there is other information in the Annual Reports released. This includes financial information. For 2014/15 the Davis Street financials show an overall revenue versus expenditure gap/loss of \$1,485,887. In the 2015/16 Annual Report a revenue versus expenditure gap/loss is \$1,172,657. The just released 2016/17 Annual report does not provide overall expense versus revenue information as the prior two years did. The latest annual report makes mention of paying the city back \$1.5 million but is silent on the borrowed \$1.5 million including \$350,000 from Galvan according to Councilmember Hernandez that Galvan personally put up.

After the first cannabis dispensary process Galvan continued to press. He asked to meet me at my home (2139 Laura Avenue) where we sat in my kitchen. He referred to former Councilmember Diana Souza who opposed the Davis Street Wellness Center application publically as someone who "hates me". He stated people need to understand that if "we get the 2<sup>nd</sup> dispensary we won't have to come hat in hand to the city all the time" regarding rumors of he and Johnson financially benefiting he said "I'm a millionaire I make \$300,000 to \$400,000 a year I own restaurants" and "I'm not going to make a dime from this". He concluded "But if my business suffers I won't be able to help the community".

Johnson and Galvan requested a meeting with Mayor Cutter and myself after the first cannabis dispensary to discuss their concerns about state law that they felt made it urgent to award a 2<sup>nd</sup>



dispensary. This was forwarded to City Attorney Pio Roda who opined that Davis Street was wrong. It was also referred to California State Assembly Member Rob Bonta whose office was well versed in the new state law and they concurred with City Attorney Pio Roda. Assembly Member Bonta's office also voluntarily offered an assessment that this was a tactic by Davis Street to acquire the 2<sup>nd</sup> cannabis dispensary permit.

During a meeting requested by Galvan at Café Sorriso in downtown San Leandro he talked about the negative relationship he had with some Councilmembers focusing on Councilmember Cox. I asked him if he was familiar with the song "Hold on Loosely" by the music group 38 Special. In my mind there were three solid City Council supporters of the Davis Street Wellness Center application because of the work the Davis Street Family Resources Center did in the community, because they were local and because the City Council had tweaked the selection process to be more involved including a public interview that the City Council would conduct. The City Council also agreed to interview only one other applicants besides Davis Street even though in the 1<sup>st</sup> round staff identified and interviewed six qualified medical cannabis dispensary applicants. This told me that they needed one more City Council vote and this tension being created through political backchannels was making it harder than it needed to be.

On June 18, 2016 Davis Street Wellness Center was awarded the city's 2<sup>nd</sup> Cannabis Dispensary permit with conditional language inserted by Mayor Cutter and agreed to by the City Council and Davis Street Wellness Center leaders Johnson and Galvan on the spot. Davis Street Wellness Center then presented a proposal to the El Cerrito replicating the San Leandro application. Recently I was informed that overtures using this model are now also being made to the cities of Hayward and Alameda by Davis Street Wellness Center representatives.

I can provide documents related to Davis Street Resource Centers Finances and the City of San Leandro's 2<sup>nd</sup> dispensary.

## 5) SIGNIFICANT EVENTS - JOHNSON

CEO Johnson requested a meeting with me and noted the City had loaned the school district \$1.2 million for the Barbara Lee Wellness Center and asked me to help her with a City loan for a federal health care clinic. I asked her why didn't she go to a bank and noted the school district loan (which I conceived, recommended and presented the Council) included interest. She stated "I'd rather pay interest to the city than a bank". She requested \$1.5 million dollars and stated it would be paid back in two years.

**(THE SHORT TERM REQUESTED BY JOHNSON IS THE FUNDAMENTAL PROBLEM RELATED TO THE LOAN)**

I asked her about security and she stated we have the original building on Davis Street that would cover the amount. She produced recent appraisal of the 1160 Davis Street property showing a value of \$1.7 million dollars. (Galvan would later tell me that we used the wrong property for security – the Teagarden site- which was ludicrous. I asked him who told him and he said "Rose". I sent him an e-mail showing the 1160 property was used and it was listed in the City Council report listing the loan. He said he was sorry and would be more cautious about her information) I brought it forward and discussed

this with City Council members. Councilmember Lee Thomas warned me “I hear they have major financial issues”. Undaunted – I pressed forward and the City Council approved the \$1.5 million dollar loan with a two year payback as requested by CEO Johnson.

Despite a favorable interest rate and only making interest payments in the first year CEO Johnson began to become concerned. At the San Leandro Cherry Festival that year I was made aware that the 1160 Davis Street property was for sale, I happened to see Johnson at the event and asked her about the property sale which she confirmed. I suggested that when the 1160 Davis Street property sold that Davis Street make a “seven figure payment and ask for a longer extension on the remaining \$500,000” she stated she had other creditors but she would see what she could do. This concerned me greatly as based on earlier concerns from Councilmember Thomas and new ones from Councilmember Cox that this could become a credibility problem for me with the City Council. She then corresponded that the Davis Street Family Resource Center could provide \$100,000 as good faith. This offer was not generally supported by Councilmembers with the exception of Jim Prola.

As Davis Street Resource Center problems with the payment deadline became a growing concern, I recommended that the City Council bifurcate the \$1.5 million dollar federal clinic loan from the 2<sup>nd</sup> cannabis dispensary permit award of which Davis Street Wellness Center was one of two finalists as directed by the City Council. At this time CEO Johnson was making a proposal that the \$1.5 million dollar federal clinic loan would be paid off WHEN the dispensary was awarded. This communication was poorly received by some City Council members. This presumed the Davis Street Wellness Center would get the dispensary permit as well as provided for an indefinite extension on the loan to the Davis Street Family Resource Center. A majority of Council members agreed with my recommendation that the two matters should be separated and awarded Davis Street an extension to October 31<sup>st</sup> for payment of the \$1.5 million dollar federal clinic loan. The agreement for the loan included strict default provisions if non-payment or late payment occurred. It should be noted that a minority of City Councilmembers were very uncertain about this recommendation and expressed it to me individually. This provided limited breathing room for Davis Street but it was all the time the City Council agreed to.

In spite of the concern over the outstanding \$1.5 million dollar federal clinic loan repayment, the City Council awarded the Davis Street Wellness Center the 2<sup>nd</sup> Cannabis dispensary permit on a motion by Mayor Cutter seconded by Councilmember Jim Prola. It was noted to me the Davis Street Family Resource Center’s reservoir of good will was being depleted by the new Davis Street Wellness Center and that there was real confusion in the community over the difference between the two separate legal entities. Shortly thereafter Davis Street Family Resource Center Finance Officer sent a communication to our Finance Department asking for wiring instructions to pay back the \$1.5 million dollar federal clinic loan. CEO Johnson then submitted a letter stating she intended/would pay the loan back by the October 31<sup>st</sup> deadline. I assured some skeptical Council members that it was going to be fine and that there was loan security via the Davis Street property at 1160 Davis Street. The October 31<sup>st</sup> 2016 deadline came and went without a payment from the Davis Street Family Resource Center.

In mid-November 2016, CEO Johnson requested a meeting in my office. On November 16<sup>th</sup> CEO Johnson arrived to City Hall and said “I can’t make the payment” and suggested the “Council listens to you”.

Based on the political pressure placed on Council and now more than one Councilmembers concerns about Davis Street Resource Centers finances – this was not an earlier time when I recommended the Council to loan money to the San Leandro School District which was problem free and a great model contrasted to the Davis Street Family Resource Center was having problems – in my estimation this would not be supported by most of the City Council. She pressed further saying “come on you know they listen to you”. I responded the only possible way this might work is if the proposed location which was opposed by at least two Council members was changed - that might create a Council majority support for a loan extension. I strongly believed the Davis Street Family Resource Center and CEO Johnson had strong support from Councilmember Jim Prola, Councilmember Ursula Reed, and Councilmember Corina Lopez for the permit and were not on record opposing the new location at 3081 Teagarden. I suggested that she talk to Mayor Cutter about this potential option who might be willing to consider an extension if the location was reconsidered. Mayor Cutter who made the motion to provide the 2<sup>nd</sup> dispensary permit to the Davis Street Wellness Center and supported medical cannabis had expressed concerns about the location of dispensary next door to the resource center and represented a swing vote to support an extension to the \$1.5 million dollar federal clinic loan.

Within a week Councilmember Lopez informed me that I was being accused of “blackmail and a quid pro quo” regarding my conversation with CEO Johnson. She further stated that we had not recorded the property to secure the loan and that Galvan told her these were “fire able offenses”. I checked and the property was not recorded. The property was then recorded and I accepted responsibility. This was rightfully noted in my personnel evaluation that year as a negative by Councilmember Lopez.

Early December the City Council met and directed me to provide a demand letter regarding failure to pay the \$1.5 million dollar federal clinic loan. This December 9<sup>th</sup> letter was addressed to the Davis Street Resource Center Board and CEO Johnson which was a departure based on City Council concern that Davis Street Family Resource Board was not fully aware of this matter. This was followed up by a demand letter from the City Attorney as the majority of the Council felt strongly about a loan of public funds that had a \$1.5 million dollar exposure to San Leandro taxpayers.

**On December 22, 2016** the San Leandro Times published a story which aired **the demand letter I was directed to send by the City Council** to the Davis Street Family Resource Center CEO **AND** Davis Street Family Resource Center Board of Directors. I then received an angry phone call from a community leader and husband of castigating me over how “unfair I treated Rose Johnson who had done so much for the community”. I responded she asked for a loan for two years, put up security, got an extension said she would pay it back in writing then didn’t’. had submitted letters of support to myself and Chief Spagnoli praising Davis Street Family Resource Center as a candidate but also acknowledging the difficult decision that the City Council would make. Having gone to a series of lunches that organized and a couples dinner at Francesco’s in Oakland I consider and his family exceptional people who work hard for the community and especially the homeless. I was concerned that my relationship would be jeopardized. Because I admired their commitment to helping those less fortunate and because of I donated \$7,000 of my personal money to April Showers – a homeless support non-profit that volunteers for. I was pleasantly surprised when a couple of months later a cooler called and invited myself and my partner to a couples dinner at Horatio’s with the.

Around Christmas of 2016 I received a call from telling me that had received a call from former California Senate Speaker Pro Tem Don Perata and wanted to know “why the City Manager of San Leandro was treating Rose Johnson so badly”. I told I knew of him and had a mutual acquaintance in Oakland that I would call to see if he would speak with me directly. I assumed this concern related to Davis Street’s failure to pay the City of San Leandro’s \$1.5 million dollar Federal Clinic loan which was headlined in the San Leandro Times and possibly the failed dispensary application which Harborside San Leandro received. I called and conveyed this message to my Oakland acquaintance – I would be happy to discuss any concern related to Ms. Johnson with Perata at his convenience. I do not know if he connected with Perata. Perata never contacted me.

On January 18<sup>th</sup> after a series of emails CEO Johnson requested a meeting at City Hall to bring a \$1.5 million payment and release forms for my signature. The City Attorney and the City Finance director advised against signing the release form without ensuring the money was in the bank. I emailed that I understood their concerns but would sign off on the forms and accept a check rather than a wire transfer. I did not want to a reason for antagonism to surface and would risk a bad check reasoning with the City Attorney and Finance Director we could litigate if that happened. Johnson arrived, I signed the release forms she provided a check in the amount of \$1.5 million dollars. I said thank you and she left, the transaction was less than ten minutes. I sent the Mayor and Council a memo minutes later informing them that the payment had been received from CEO Johnson. I then received communication from Johnson “I was thrilled to hand you a \$1.5 million dollar check and also saying she failed to understand all of the “negativity” as well as another that said “thank you for your unwavering support”

I can provide public documents, communications and articles related to the \$1.5 million dollar federal clinic loan.

## 6) SIGNIFICANT EVENTS – BALLEW

**Shortly after Councilmember PeteBallew was sworn in** I received a call from Mayor Cutter to meet with her and City Attorney Pio Roda. I was told that a concern had been raised to Councilmember Ballew that I had acted inappropriately with CEO Johnson and that this had occurred in her vehicle while meeting at Foster’s Tastee Freeze. I explained to the Mayor and City Attorney that there were constant requests to meet with Ms. Johnson and as a convenience this was an easy location. When pressed as to why her vehicle, I explained Foster’s did not have proper space to converse. In addition, my vehicle was and is filled with graffiti cleaning supplies and occasional trash. I adamantly denied any inappropriate behavior and produced text messages from Ms. Johnson inviting me to ice cream. I told them other than a business handshake I never had and never attempted physical contact with Johnson and never requested or ever saw her socially other than community events. All of these meetings were during the day in the public parking lot. Having managed personnel for over 30 years and undergoing sexual harassment, ethics and supervisor training I resolved to keep a distance from Johnson. I understood that even as a fellow CEO and non-employee that a claim could be filed. This concerned me greatly as I fully understood the explosive and negative implications to myself and both organizations as well as the limited remedies to those falsely accused.

These are topics discussed with CEO Johnson during the daylight, public parking lot, in her large Lexus SUV as I sat on the passenger side divided by a large console. I have had other individual meetings with Johnson including her old office at Teagarden, her new office at Teagarden as well as at my office in City Hall. Here is a recap of what was discussed with CEO Johnson at Fosters Tastee Freeze:

- A meeting request from me to meet with her husband former Alameda County Fire Chief Bill McCammon which she arranged. We met in Pleasanton at a corner coffee shop downtown and he was very helpful. My purpose in meeting with Chief McCammon was two fold 1) To provide me his perspective on the evolution of the San Leandro Fire to Department to the current Alameda County Fire Department model which he did very well. 2) His knowledge of the fire training site used by Alameda County Fire Department in San Leandro which was identified as prime property next BART. I needed to understand if the City of San Leandro had leverage relative to the Fire Training site on Alvarado as we were negotiating a lease for the first time and developing housing and San Leandro creek planning strategies. He informed me that the Alameda County Fire Department did not have a backup site in the event the Training Facility in San Leandro needed to move. This was confirmed by Chief Gilbert, Chief Schaffer and Chief Rocha. This provided me with knowledge which resulted in the City of San Leandro receiving a \$130,000 a year payment when over the past fifteen or so years they received \$0. This effectively provided an unknown annual subsidy from the San Leandro taxpayers to Dublin, Emeryville, Newark, Union City, Lawrence Livermore Labs and unincorporated Alameda County taxpayers. It also informed the lease structure in terms of vacate noticing requirements. I notified them of the need to vacate four months ago as there is a serious development proposal at this time.
- A meeting request from her for me to participate in an organizational/community survey of Davis Street by an outside consultant. She felt my input would be valuable as a “community leader”. I participated in an hour long interview. In the interview I expressed my concern about one person with so much institutional knowledge and succession planning.
- A meeting request from her to recap the conversations I had with the outside consultant. I asked her if she had given thought to a successor and she mentioned that maybe had the qualities to run Davis Street.
- A meeting request from her to show me pictures of her annual trip to Central America to assist volunteers and doctors. She said this trip provided her with an opportunity to really help those in need. She said the program was a well-run operation to treat children with cleft palate disorders and she would always take time once a year to help. She also said it allowed her to get away and gain perspective
- A meeting request from me to inform her that I was not going to extend my contract past the three year term. She asked why and I told her it was difficult working for former Mayor Cassidy whose intellect I admired, whose commitment to the community I admired but was not a fan of his management style which I considered overly relentless and unappreciative. He ultimately did not run for a second term due to reasons I’m not sure of but when he did not I reconsidered my decision and signed a five year extension.

- A meeting request from me to request Davis Street Family Resource Center help for a neighbor of mine in Davis West. I saw him constantly with a shopping cart of recyclables very disheveled. We gave him money, water and fruit consistently He was a hoarder and had his utilities turned off. I appealed for help for him from Davis Street. Johnson honored the request sending over a psychologist or psychiatrist to City Hall to help strategize and interview him.
- A meeting request from her to pitch the “bridge loan” from the City of San Leandro for \$1.5 million dollars to start the federal clinic referenced earlier in this communication.
- A meeting request from her to talk about a troubling financial proposal. She indicated that she had been offered a \$500,000 grant for the Davis Street Family Resource Center “out of the blue”. She was suspicious of the intent of the person who had made the offer. I asked her if it was a legitimate offer? Who the source of funding was? She reluctantly told me the money would come from and that the person conveying this offer was. Galvan later informed me “I told her to talk to you about this because it was”.
- A meeting request from her to discuss trouble finding locations in the “green zone”. I asked her what her parameters were for property and she stated preferably 10,000 square feet with parking. I let her know that city staff had helped Harborside identify their site on Vernor Court and would help Davis Street as well. I returned to the office and spoke with Community Development Director Cynthia Battenberg and Business Development Manager Katie Bowman giving them instructions to expedite a search for eligible property. Within a short period two sites were identified by Mrs. Bowman. She scheduled site visits with me, Mayor Cutter and the realtors which we took. These two sites (1922 Republic and 130 Doolittle Street) were then submitted to Johnson. She called Cynthia Battenberg shortly after to reject the sites.
- The final meeting in this location was a request from her where she stated she wanted to be “treated fairly”. She discussed bias against Davis Street by City Councilmembers and staff that had affected the proposed location of the Davis Street Wellness Center adjacent to the Davis Street Family Resource Center on Teagarden. She expressed concern about the Conditional Use Permit process. I let her know that we had always worked in good faith and assured her that we would continue.

I can provide related documents including schedules, trainings, and contracts

## 7) SIGNIFICANT EVENTS– GALVAN

Upon moving to 840 Estudillo in **January of 2017**, I received a request from Davis Street Resource Center Board President Galvan to have dinner at Paradiso’s. I declined and invited him to my home. He accepted and arrived that evening. He explained things were not good and he knew there were problems between Johnson and me caused by a “misunderstanding “. Speaking of newly elected City Councilmember Pete Ballew, he stated “Pete’s a cop and that Rose meant nothing merely telling Pete about meetings in her vehicle – Pete took it upon himself to ask why meetings in her vehicle and take it to the Mayor”. He suggested a dinner with he, Ms. Johnson and I which I refused. He stated that “Rose and you have this Latino pride thing and you’re both wrong. She was upset over the headline in the San

Leandro Times and you're upset about this Pete thing". I told him I would not let my personal feelings get in the way of being professional. Stating "I will always be professional with Rose but I will never be a personal friend". We then listened to some music, he sang off key to the BeeGees saying they were favorites of his and departed.

Based on my training and the recent questioning by Mayor Cutter and City Attorney Pio Roda I would not have a meeting with Johnson in her vehicle, I would avoid situations where this could rear again and I would document support for Davis Street by the City Council to show retaliation would not occur. At a subsequent Leadership San Leandro event as I walked in and scanned the room and noticed Johnson at a table I stationed myself as far away as possible speaking to former Mayor Sheila Young. When a Davis Street employee came to greet me I was pleasant. At a subsequent City Council Subcommittee meeting in which Johnson spoke and advocated for immigrant rights - distance and professionalism were maintained.

I can provide additional information related to the non-confidential December 9<sup>th</sup> letter that the City Council directed me to send to CEO Johnson AND the Davis Street Board. I can also provide documentation as to the continued professional treatment of Galvan, Davis Street and CEO Johnson by myself and all city staff .

## 8) SIGNIFICANT EVENTS – HERNANDEZ, GALVAN

Newly elected Councilmember Ed Hernandez and I became acquainted as he and I did interviews about food trucks in the parking lot of what would become The Village development for a Spanish speaking television station. I also interacted with him as a member of the San Leandro Planning Commission. I received complaints from staff about his comportment during Commission meetings and him stepping outside his role as a Commissioner with The Village development. I spoke with the City Attorney who drafted a memo to remove him and Councilmember Ursula Reed who appointed him. She had been part of Planning Commission issue involving the removal of a Planning Commissioner the year I arrived. She was understandably concerned, did not want to remove him and suggested I speak with him about properly conducting himself. I met with then Planning Commissioner Hernandez offered him advice after which he stated "I feel like I'm in the principal's office".

Shortly after Councilmember Hernandez's election, I went to lunch with at Paradiso's when Galvan appeared and lamented "Now I have to go kiss Ed Hernandez's ass" my assumption was that Galvan wanted four supportive elected officials and now his arithmetic was off as he was a supporter of labor candidate Brian Acevedo (labor being a strong proponent of cannabis) whom Councilmember Hernandez defeated. Shortly after this, I was informed by staff and the City Attorney that a potential conflict of interest was looming as a result of a development deal involving owned land (whom Galvan represented as a friend in my first meeting with although his website lists as someone he has done work with). When I spoke with Councilmember Hernandez I suggested he speak with the City Attorney and he stated he already had and that his potential fee for this deal could be up to \$200,000 and when the time came to make a decision he would make a decision. The deal did not materialize with complaining that Community Development Director Battenberg was unreasonable.

**Early 2017**, I was called again by Mayor Cutter and City Attorney Pio Roda with a second allegation forwarded by Councilmember Hernandez that I had inappropriately acted toward CEO Johnson. This allegation had a twist in that there was an implication that I had imprisoned Johnson in her vehicle. Mayor Cutter suggested I discuss this with the entire City Council which I did. The shifting false allegation and hearing that Councilmember Hernandez had gone to his mentor to get advice – on a personnel matter that whomever this mentor was had no need to be involved or know – caused me great distress. I was told that this second allegation was made to Councilmember Hernandez by Galvan who had tried to encourage me to forget my Latino pride regarding Johnson. Shortly thereafter Councilmember Hernandez was seated on the Alameda County Fair Board which includes Galvan and Johnson. Mayor Cutter told me that Councilmember Hernandez had said to her people were interested in raising \$50,000 to fund a potential run by him for become Mayor of San Leandro.

As is normal for elected officials, Councilmember Hernandez began making various requests. Some well received like his request to set up a long term financial management plan to deal with looming pension issues and some not - like criticizing the redevelopment of the former Kraft site advocating for housing. As a Planning Commissioner he had extensive opportunity to comment on the City's General Plan Update which informed on the corridor rail and truck corridor adjacent to the Kraft site. His idea about an Amtrak stop at this location was puzzling as Amtrak was contracting not expanding and the community has struggled with railroad safety.

Councilmember Hernandez recently sent me an email suggesting a task force be formed to allow three cannabis grow houses in San Leandro (is the property owner of the building that was leased and was shut by the City via building code violations housing a large amount of cannabis plants. Don Perata and his source/blog referenced city manager problems specifically related to this). Regarding the city's Interstate 880 Digital sign negotiation that had been going on for five years - Councilmember Hernandez also wrote me "I believe may be offering a good percentage of shared revenue". My concerns were heightened due to my first meeting with in 2012 when he arrived with Galvan and the failed land deal. I did not believe a \$70,000 annual revenue guarantee with no consumer price index adjustment or 20% of the gross revenue projected at \$588,000 by was a "good percentage". My experience with digital signs was bolstered by a similar project in National City California where I managed for almost eight years and the new digital sign put up 500 feet away on San Leandro Unified School District's Burrell Field. During this time I was informed that Galvan was telling people that I had created a "sweetheart deal for my Arizona buddies". I dismissed this and have documentation that shows the San Leandro School District Board approved the contract not the City of San Leandro. Earlier had complained to a County Supervisor's Chief of Staff about my handling of the negotiation for this sign.

I can provide documents detailing relationships between Hernandez, Galvan and Batarse

## 9) SIGNIFICANT EVENTS – JOHNSON

**On April 18,2017** Teamsters Joint Council No. 7 President Rome Aloise sent me a letter with Davis Street as the subject heading starting with: "I am writing of concern for the delays and seemingly intentional roadblocks thrown in front of the final licensing and permitting process to begin construction and



operations for their dispensary operation.” Copies of this letter were mailed to Johnson, Andreas Cluver, Josie Camacho and Mayor and City Council. A meeting was requested which I complied with and wrote Mr. Aloise that I was concerned with the tone of his letter noting that the City of San Leandro had a long and supportive relationship with San Leandro. To Mr. Aloise’s credit he sent an apology regarding a misunderstanding of his letter.

**At the May 1, 2017** meeting requested by Teamsters International Vice President/Joint Council No. 7 President Rome Aloise, Aloise and two other Teamsters (State Medical Cannabis Director and Government Affairs Director) were present along with Alameda County Labor Council Secretary Josie Camacho, Alameda Building and Construction Trades Council Secretary-Treasurer Andreas Cluver and former California Speaker Pro Tem Don Perata who arrived last. I hosted the meeting in the City Manager’s conference room. After some back and forth about support for labor I told the group that ‘If the City Council chooses to place a dispensary across the street I wouldn’t care’. A question was raised as to Why Davis Street was being treated differently in terms of the one year stipulation for their dispensary CUP. I stated because they agreed to it – if they wanted an extension they should ask. I later put in writing to Aloise that I would recommend an extension but could not grant an extension. At the end of the meeting Perata spoke for the first time. He asked about the large grow house on Marina Blvd (owned property) and why the police were not involved. I stated the Police Department were involved but did not pursue it after discussion with the District Attorney so we shut it down based on code violations.

After the meeting I sent a recap to the City Council that highlighted Andreas Cluver’s compliment about the City Council’s support and the Teamsters opposition to Recreational Cannabis. I immediately received a letter from CEO Johnson who in spite of agreeing to the one year stipulation made a crazy demand about being treated equally.

On May 3, 2017 this meeting and the grow house were highlighted in “the Bay Area’s newest in-depth investigative blog, the East Bay Cal Bulletin.” The post was titled “Raiding the Pot”

“beginning with it might not be the biggest thing since Watergate, but for the blogger world it’s damn intriguing”. The post related to a large building on property owned by alleging stonewalling by the city, mismanagement by the city manager, pointed to Harborside and Harborside partner Dan Grace and highlighted Alameda County’s Labor Leaders meeting with the City Manager which occurred May 1<sup>st</sup> and

said “local labor unions have long supported Davis Street...stay tuned”. The City has long supported Davis Street as well as acknowledged by Rome Aloise and Andreas Cluver at the same May 1<sup>st</sup> meeting.

On June 26, 2017 Angela Rowen who wrote for the Berkeley Daily Planet contacted the City of National City writing “I’m seeking public records information regarding the personnel file history of a former city manager”. On June 28, 2017 Rowen wrote “I’m seeking copies of any and all records about complaints, grievances, insurance claims payouts or any other personnel records directed towards Chris (Christopher) Zapata who served as City Manager from 2004/2005 to approximately 2012.

On July 5, 2017 Ms. Rowen received this response from the Deputy City Attorney “I have communicated with representatives from City departments that would have records responsive to the Request. After a diligent and thorough search, the City did not find any non-exempt records responsive to the Request”.

To make sure the City would not be accused of surprising the Davis Street Wellness Center representatives I directed Deputy City Manager Eric Engelbart to engage in a meeting and provide notification of my concern about the \$500,000 forgivable loan (forgiven at the rate of \$25,000 annually) using federal Community Development Block Grant funds which could be a problem if this came up late. I asked the City Attorney and Housing staff to coordinate with Engelbart. The response from Galvan was that he was aware. The response from the Davis Street Wellness Center legal team was different. Finally Housing and Urban Development asked their legal department for a decision and the decision was the loan would have to be repaid in the event of a medical cannabis dispensary locating on the Teagarden site. The Board of Zoning Adjustments included payment of the remaining Community Development Block Grant loan amount by January 31,2018.

This past month a Davis Street sponsor, and I met. After the meeting he said “I never believed that rumor that Harborside bought you a house in Mexico”. I was amused because I have told various people that when my public service career ends I would like to move to Mexico with my Mexican partner. But this was an interesting twist.

I can provide documents detailing tactics employed to intimidate and discredit me

## 10) SIGNIFICANT EVENTS – GALVAN

On May 18, 2017 at the end of the work day Galvan requests a meeting regarding the Davis Street Wellness Center Conditional Use Permit at City Hall to proclaim he is not “running around with a bullhorn saying I got three votes – I’m not saying that”. He stated that in his recent conversation with Councilmember Ballew that he expressed he wasn’t saying this and that “Pete said I know you didn’t Gordon – you’re too smart”. He wanted to move forward with a positive relationship. He stated “I knew she (Rose Johnson) was going to get Rome, Don and Labor”. He said they had a “an op (opposition research) running against me (City Manager)”. I told him I was aware of the blog and the public records request made to National City and did not appreciate the tactics. He stated “he was only on the Davis Street Wellness Center Board because he wanted to make sure San Leandro got its share”. He further stated that “I’m not making any money on this, I’m not profiting one bit” to which I stated “Ed Hernandez told me you loaned Davis Street \$350,000 as part of the \$1.5 million dollar clinic loan”.

He then stated "Ed has shared this with other people and Rose got Don Perata involved and created a blog – I'm not in on it". Galvan stated "You could've stopped it – but you didn't – first blood was drawn by the City". I responded by saying "I didn't request a two year pay back and I didn't blackmail anyone when I told Rose she should ask for an extension and the way to get support was to move off the Teagarden site – where did that come from?" He concluded by saying "It's Don Perata and Rose – I told them I am convinced that he was trying to help us- I will tell the grand jury and I told Rose I don't care if ". I had been and was more leery of Galvan and believed the reason he was sharing this was he needed the Davis Street Wellness Center Conditional Use permit to pass, he needed to maintain a working relationship due to his Galvan and Associates clients such as ACI/Alameda County Industries and he was paranoid about opposition to his 60 unit apartment project.

I can provide public documents regarding clients, projects which Galvan needed City of San Leandro support

## 11) SIGNIFICANT EVENTS –

**Mid 2017** entered my office very disturbed and stated "Oh Chris, I'm so sorry" when I asked her why was sorry, she stated " you are being accused of sexual harassment". I told this was old and there was nothing to it. I insisted that tell me where this came from. reluctantly told me "" is the. In that same time frame I was told by either Councilmember Cox or Councilmember Lopez that Alameda Councilman Jim Oddie was asking about Rose Johnson and me. Shortly thereafter City Attorney Pio Roda told me that Assemblymember Rob Bonta asked him if it was true about Rose Johnson and me.

East Bay Express writer Steven Tavares who covers San Leandro had written an article detailing the First Cannabis Dispensary called POT, POLITICS, and SCANDAL on September 2, 2015. He made a public records request late February 2017 and according to Mayor Cutter and Deputy City Manager Eric Engelbart had asked them about problems with CEO Johnson and the City. The City Council awarded the 2<sup>nd</sup> medical cannabis dispensary permit to Davis Street Wellness Center on July 18, 2016. On September 6 2017 Tavares wrote A CAUTIONARY TALE a story which like the first story referenced heavy lobbying by Davis Street and in the story CEO Johnson said "she was surprised to receive a bluntly worded letter from the City Manager that suggested she was a liar".

In addition to two articles in the East Bay Express, the San Leandro Times had been and continues to cover the cannabis issue in San Leandro. Public Records Requests regarding this process from Tavares, Former School Board Member Mike Katz LaCabe (who had earlier alerted San Leandro Times writer Amy Silvestri to the December 9<sup>th</sup> letter from the City Manager. This letter was explicitly directed by the City Council to go to the Board of Directors and CEO Johnson. According to Galvan this was the cause of Johnson's anger because she deemed it "confidential") were routine. Meanwhile, in support of the Davis Street Wellness Center medical cannabis permit were various ex San Leandro politicians including former Mayor Tony Santos, former Mayor Stephen Cassidy, Alameda County Supervisor Wilma Chan and California State Assemblymember Rob Bonta. Former Councilmember Diana Souza lobbied against the Davis Street Wellness Center Dispensary application.

I can provide public documents including public records requests, correspondence, citizen letters and articles from the East Bay Express and San Leandro Times regarding the process and Davis Street Wellness Center permit application

## **12) SIGNIFICANT EVENTS – LOPEZ, PIO RODA**

**On December 18, 2017** Councilmember Lopez came to my office and shared a new allegation regarding CEO Johnson and myself. The allegation involved what she termed “transactional pressure” explaining that when the “\$1.5 million dollar check was given to CEO Johnson by me that there was pressure felt by her” I responded “ I never gave her a check, I don’t hand out \$1.5 million dollar checks we WIRE them”. I told her I would send her proof. I asked the Finance Department to send me the wiring instructions and documentation that \$1,500,000 was wired to Davis Street. I then received an email with this information from the Finance Department verifying what I told Councilmember Lopez. I forwarded this email to Councilmember Lopez.

That same day I was informed that an attorney privileged letter had been received by City Attorney Rich Pio Roda and that it would be discussed in closed session and I was not to attend. After the City Council meeting – City Attorney Pio Roda informed me that the Council had directed him to retain an outside investigator who would conduct a thorough investigation related to the privileged letter received.

On January 2<sup>nd</sup> 2018 City Attorney Pio Roda informed me that the Investigation would be a Walnut Creek investigator named Kramer. I asked him if he could share the attorney involved in the privileged letter and he said he could because it was not material and that the attorney was Jane Brunner of Siegel, Yee and Brunner.

I did not know attorney Jane Brunner so I began to research and found she had been on the Oakland City Council from 1996 to 2013 including a stint as Council President for two years. As a Councilmember she supported the decision to enhance employee pension benefits as many cities in California did in the early 2000’s. An August 4<sup>th</sup> 2000 Chronicle news account written by Chip Johnson titled “Shaky Ethics in Oakland Downtown Development Deal Bad Ethics in Brunner’s Aid to Spouse” was written about then Councilmember Brunner.

After many years on the Oakland City Council she had an unsuccessful run for Oakland City Attorney in 2012 that was covered in the Bay Area. Media accounts termed her Oakland City Attorney campaign tactics as aggressive, including candidate Brunner issuing a press release threatening to sue her opponent and campaign manager for libel “lying about a fellow attorney’s Bar Association status”. According to an East Bay Express story November 5, 2012 Brunner claimed she was never “suspended” allowing her law license to become voluntarily inactive. According to state bar records Brunner was placed on “Admininactive MCLE noncompliance “ on July 31, 1995 and her law license remained inactive until January 23, 1997. A September 28, 2012 story in the Oakland Post describes how Brunner charged her opponent Barbara Parker with “pay to play”. Other stories speak to her support from the Alameda County Central Labor Council, building and trade unions as Oakland police and fire unions. She was endorsed by the Teamsters and the “Brown Perata” machine.

According to one newspaper account she was “drubbed” in the election by first time candidate and current City Attorney Barbara Parker receiving 32% of the vote while her opponent received 68% of the vote.

I can provide public documents showing wiring instructions to Davis Street Family Resource Center to receive the City of San Leandro \$1.5 million dollar federal clinic loan

### 13)        **SIGNIFICANT EVENTS – SAN LEANDRO’S CONTINUED SUPPORT FOR DAVIS STREET**

Continuing a tradition of support that was highlighted in 2010 by a large \$500,000 forgivable loan to Davis Street by the City Council - City and City affiliated support continues to pour into the Davis Street Family Resource Center. Examples of support include unanimous City Council approval of a Federal Clinic \$1.5 million dollar loan at low interest as recommended by the City Manager. The City Council approved an extension to pay when original term lapsed as recommended by the City Manager. The City continues to provide approximately \$34,000 annually in Community Development Block Grant funds as well \$11,000 annually for housing assistance to Davis Street this totals \$288,000 over the past six years as recommended by the City Manager. The City and BRIDGE developed the Marea Alta housing project using \$29 million dollars in public funding and then committed an additional \$800,000 for a Child Care facility in the development as recommended by the City Manager. The Child Care facility was a pet project of Johnson with an agreement to be operated by Davis Street. The City supported the Davis Street and Bridge lease agreement of \$1 per year for a 20 year term at the Child Care facility.

The City Council approved a 2<sup>nd</sup> medical cannabis dispensary permit to the Davis Street Wellness Center. After meeting and making a request Johnson provided building sizes for a potential dispensary and requested we help scout out locations. At my direction staff rapidly reviewed three sites and recommended two sites that met the parameters outlined by Johnson. She declined to pursue them. At the direction of the City Manager Community Development staff expedited work to ensure the Davis Street Wellness Center could meet a June Board of Zoning Adjustment Meeting Conditional Use Permit date in June. Davis Street Wellness Center representatives who had waited until March 20<sup>th</sup> to submit their permit application – a full seven months after being awarded the permit by Council were informed the staff analysis would be done. When Davis Street Wellness Center saw staff concern they requested more time to address these concerns. City staff unilaterally gave the Davis Street Wellness Center Conditional Use Permit an extension to a September meeting date.

As City Manager I initiated many city programs to benefit the Davis Street Family Resource Center which were supported by the Mayor and City Council including following Johnson’s recommendation for a Social Services Gap Analysis for \$75,000. I recommended \$400,000 in out of budget general fund money to assist social services after meeting with Johnson and Liz Varela CEO of Building Futures. I conceived a Community Investment Fund unanimously approved by the City Council which allocated \$150,000 annually to social service agencies and has totaled over \$600,000 new dollars for non-profits such as

Davis Street Resource Center. Vice Mayor Thomas began a shoe drive which was coordinated with Davis Street.

City departments and city related affiliates continue to support Davis Street including: Bikes for Tykes, Adopt a Family – Police Department, Adopt a Family - Community Services Department, Little Library Program, reverse alarm charges, medication bin support, Safety and Security Training by the San Leandro Police Department.

Most importantly I was the city staff lead in analyzing and proposing a series of revenue measures to support city service levels and to augment human service needs. The staff proposals for City Council consideration of putting Measure HH, OO, PP and NN on the ballot were driven by me. The analysis by city staff of new revenue streams was directed by the City Manager. Funding for community education and election expenses relative to these proposed revenue measures were recommended by the City Manager and supported unanimously by each Mayor and Council involved. As part of the solution to meeting more needs in our community there are many steps and were many supporters for these revenue measures. Staff analysis, Council support and Community support by groups like the Davis Street Family Resource Center Board have resulted in significant new revenue which has been and continues to be shared across the community and non-profit world in San Leandro.

I can provide public documents and memos related to ongoing support by the City of San Leandro, its departments and affiliates.

#### 14) SIGNIFICANT EVENTS – GALVAN, JOHNSON

Davis Street letterhead has the names of Board Members below Johnson. I believe firmly that Board members unquestionably believe in the mission of the Davis Street Family Resource Center and its employees. I believe the Board unquestionably appreciates CEO Johnson for her many years of service. The Davis Street Family Resource Center is beloved by the community, however, the Davis Street Wellness Center is new. Although legally separate, to use a term coined by a Davis Street lawyer against Harborside SL and Harborside Oakland – unity of interest- CEO Johnson and Board President Galvan have roles on Davis Street Family Resource Center and the Davis Street Wellness Center. This could be termed confusing.

During a meeting in 2017 while asking for help with things other than Davis Street Galvan volunteered this to get sympathy for CEO Johnson “Rose is a Game of Thrones fanatic and thinks everything is a conspiracy. She is all freaked out, I had to take her to the and she is not doing well”. There are public letters and reports penned by Johnson that portray her as a victim with the most recent one in her 2016/2017 Annual Report. “In my more than 26 year relationship with Davis Street, this past year has been BY FAR the most challenging for the agency and me personally”. “This year was made more difficult by the fact that our financial issues were dealt with in the public arena: unfair to us, of course, but also unfair to our supporters.” “It was difficult to get the truth out when we were being maligned on so many different fronts.” “As our opponents saw us on the path toward success, they went on the attack”. In closing she states” I am humbled by your support and dedication to Davis Street... and to

me.” This is all well and good but what was most troubling to me was the use of former First Lady Michelle Obama’s “When they go low – we go high” by Johnson in a communication.

As volunteers for a non-profit you are charged with the “ethical” success of the organization - to be ethical and to act ethically in all professional interactions. You have a responsibility to look into conflicts of interest and investigate the accuracy of information received from the organizations employees including the Board President and the Chief Executive Officer. A Harvard University study on non-profit governance states a well governed organization does not permit executives to run and dominate board meetings set agendas or determine what information will be provided to board members. It further states, board independence and board attention are of paramount importance in good nonprofit governance. Basic tenets of Nonprofit Governance include:

- Fiduciary responsibility and management oversight
- Exercising a duty of care in achieving its mission, setting its organizational values and serving a public purpose.
- Duty to place organizational interests before a director’s own interest - guarding against self dealing. Absolute authority can lead to problems.

## **CLOSE**

I’ve worked for elected officials for many years as an appointed official. In my trainings which I have provided to the National Association of Elected Officials in Washington D.C. since 2012 I have a saying “I swim in political waters all day but I don’t drink the water”. As a peer to CEO Johnson that manages a municipal corporation and like Johnson has been in the public fishbowl for over 25 years I am accountable to a governing body. I have also served on many non-profit boards at a local, county, state and national level. More importantly as a public servant, I am accountable to the 90,000 residents of San Leandro. Truth and ethics are fundamental to the role of City Manager. For these reasons I have communicated this information and will continue to communicate transparently.

In closing, I am highly suspicious of the timing of this new allegation: The white hot movement sweeping the world involving men sexually harassing women, the upcoming San Leandro Mayor and City Council elections and the many stories about the billions of dollars involved in the cannabis movement are three reasons. Finally, I have no desire to hide behind attorneys and look forward to the completion of this investigation. The public deserves to know that its leaders are trustworthy and ethical.

CC: Mayor and City Council

San Leandro Times

East Bay Express