

August 4, 2017

A Local Lawyer Looks at Lakewood City Government

1. I am deeply concerned that the City has vigorously attempted to prevent the production of documents under the public records laws until several court orders compelled them to begin to comply. I remain troubled by the decision of the City to shorten its official record retention schedules given its non-compliance with the public records laws. The City has stalled and delayed on the production of documents to Mr. Essi for more than a year and its non-compliance could only be addressed by needless litigation costs imposed on both Mr. Essi and the City. *This conduct was in violation of Ohio's public records laws.*
2. Competitors collaborated in the closing of Lakewood Hospital with a suspicious proposal process where the final contract award was presented to the competitor (CCF) that received a separate special secret RFP. The other potential entrants received a different RFP. During this process one competitor (Metro) made a \$100,000,000 proposal to operate Lakewood Hospital as a going-concern. Its proposal was suppressed by the other competitors. There is evidence that when this competitor was subsequently solicited by members of Lakewood City Council, public officials serving on the Lakewood Hospital Association board communicated with the county executives who controlled that competitor to again suppress its attempt to bid on operating the hospital. Emails shows that the City of Lakewood asked one of its law firms to dig-up "dirt" on competitor Surgical Development Partners when they made a late attempt to bid. *This conduct indicates potential violations of the federal antitrust laws for investigation.*
3. Between January 2015 and June of 2017, City of Lakewood public officials made numerous and systematic material financial misrepresentations related to the value of the hospital closure transaction. I have reviewed an email thread where LHA board members advised these public officials that the value numbers were "bogus". Yet, these numbers continued to be used in official public documents. At least, one materially false financial affidavit from the City's finance director was filed in the Ohio Eighth Circuit Court of Appeals. Material financial and factual misrepresentations have tainted the annual reports of the City for the past three years. This conduct is likely detrimental to the bondholders that hold our municipal debt. *This conduct indicates potential violations of the federal securities laws for investigation.*
4. Public officials have used public property and public funds for political purposes in likely violation of Ohio Revised Code Section 9.03(D). One public employee engaged in actual harassment (via postal mail) of certain citizens that was investigated by the federal postal inspectors. One email shows that an elected public official proposed changing the minutes of the Lakewood Hospital Association to change votes of certain board members in support of the Letter of Intent to false "abstain" votes. *This conduct indicates potential violations of state laws for investigation.*
5. There were almost unbelievable overlapping conflicts-of-interest with respect to LHA board members, both public and private, related to the transaction that closed the hospital. Some of these are described in Ohio Ethics Commission opinions. At least, four City council members,

perhaps five, were tainted either as actual LHA board members, recipients of campaign funds from LHA board members, or otherwise under the shadow of likely conflicts when that City council unanimously voted to adopt the Master Agreement in December 2015 resulting in the closure of the hospital in February of 2016. *This conduct indicates potential violations of state ethics laws for investigation.*

Mark D. Kindt
Attorney-at-Law