

OFFICE OF INSPECTOR GENERAL CITY OF JACKSONVILLE



REPORT OF INVESTIGATION 2018-0012WB

INVESTIGATION OF MISCONDUCT
WITHIN JACKSONVILLE HOUSING AUTHORITY

LISA A. GREEN
INSPECTOR GENERAL

OCTOBER 28, 2019

DATE ISSUED

“Enhancing Public Trust in Government Through Independent and Responsible Oversight”

EXECUTIVE SUMMARY

In August of 2018, the Office of Inspector General (OIG) was contacted by the Complainant regarding Frederick “Fred” McKinnies, Chief Executive Officer/President (CEO/President) of the Jacksonville Housing Authority (JHA), 1300 North Broad Street, Jacksonville, Florida 32207. Specifically, the Complainant reported concerns related to misuse of position, sexual harassment, and various forms of retaliation¹ by McKinnies. The Complainant filed a written complaint with the OIG.

As part of the OIG’s complaint intake process, the Inspector General reviewed and determined that the disclosure demonstrated reasonable cause for protection under the Whistle-blower’s Act, Florida Statutes (F.S.) §112.3187 - 112.3189, and Part 5, of Chapter 602, *Ordinance Code*. The Complainant was designated by the OIG as a Whistle-blower (WB).

The OIG initiated an administrative investigation in accordance with §602.303, *Ordinance Code*. The OIG conducted this investigation jointly with the Jacksonville Human Rights Commission (JHRC). The JHRC investigates allegations pertaining to complaints of alleged discriminatory or unfair practices in the area of employment, including allegations of sexual harassment and retaliation.

In November of 2018, the JHA Board placed McKinnies on paid administrative leave pending the conclusion of the administrative investigation.

Based on the information presented by the WB, the joint investigation focused primarily on five allegations relating to (1) sexual harassment; (2) standards of conduct; (3) conflict of interest and prohibited receipt of gifts; (4) JHA internal policy; and (5) improper salary increase. During the investigation, the OIG identified a lack of internal controls within JHA related to outdated internal policies; inconsistent and incomplete record keeping, including personnel files and salary related documents; and inconsistent handling of complaints related to employee misconduct, e.g. sexual harassment and/or harassment.

The allegations and lack of internal controls are detailed in the body of this investigative report. In brief, the investigative conclusion [**could not substantiate, unsubstantiated or substantiated**] for each allegation is listed below.

Allegation 1: Sexual Harassment

1(A). *McKinnies, while employed with JHA, was alleged to have sexually harassed a JHA employee in or around 1997. [Could not substantiate]*

¹ The JHRC is charged with investigating matters related to retaliation (other than retaliation related to designation as a WB).

1(B). McKinnies, while employed with JHA, was alleged to have sexually harassed the WB in or around 2000 and again in or around 2015. [**Could not substantiate**]

Allegation 2: Standards Of Conduct

2(A). McKinnies, while employed with JHA in various capacities, participated in consensual sexual relationships with multiple JHA employees, dating back to 2001. [**Substantiated**]

2 (B). McKinnies, while employed with JHA, participated in a sexual act on JHA property with a JHA employee with whom he had an ongoing consensual sexual relationship. [**Substantiated**]

2(C). McKinnies, while in the capacity of CEO/President, provided a job promotion to a JHA employee with whom he had an ongoing consensual sexual relationship. [**Unsubstantiated**]

Allegation 3: Conflict Of Interest And Prohibited Receipt Of Gifts

3(A). McKinnies, prior to and after becoming the CEO/President, requested and paid JHA employees and JHA vendors to complete home improvement services at his residence. [**Substantiated**]

3(B). McKinnies, while employed with JHA, requested and/or paid JHA employees and JHA vendors to complete home improvement services at the WB's residence. [**Substantiated**]

3(C). McKinnies, prior to and after becoming the CEO/President, received gifts (in the form of professional golf tournament tickets) from a JHA vendor and subsequently provided the tickets to multiple JHA employees, including those with whom he had consensual sexual relationships. [**Substantiated**]

Allegation 4: JHA Internal Policy

4(A). McKinnies, prior to and after becoming the CEO/President, had knowledge of and participated in an "office lottery pool" during the course of his tenure with JHA, dating back to 2013. [**Substantiated**]

Allegation 5: Improper Salary Increase

5(A). CEO/President McKinnies received an improper salary increase in 2015 from the former Chair of the JHA Board as a result of an alleged consensual sexual relationship. [**Unsubstantiated**]

Additional Information: Lack Of Internal Controls

Based on information obtained during the investigation, the OIG determined there was a lack of internal controls within JHA related to outdated internal policies; inconsistent and incomplete

record keeping, including personnel files and salary related documents; and inconsistent handling of complaints related to employee misconduct, e.g. sexual harassment and/or harassment.

As a result of the investigation, JHA Management agreed to complete the Recommended Corrective Actions noted in this Report of Investigation (refer to pages 66 through 68). Per the JHA Management Response, JHA is currently in the process of updating policies and procedures in order to strengthen internal controls. The OIG will monitor the status and completion of these Recommended Corrective Actions.

INVESTIGATIVE REPORT

In August of 2018, the Office of Inspector General (OIG) was contacted by the Complainant regarding Frederick “Fred” McKinnies, Chief Executive Officer/President (CEO/President) of the Jacksonville Housing Authority (JHA), 1300 North Broad Street, Jacksonville, Florida 32207. Specifically, the Complainant reported concerns related to misuse of position, sexual harassment, and various forms of retaliation by McKinnies.

In September of 2018, the OIG subsequently met with the Complainant to clarify and further understand the allegations related to McKinnies. The OIG contacted the Jacksonville Human Rights Commission (JHRC) concerning the Complainant’s issues specific to allegations of sexual harassment. The JHRC investigates allegations pertaining to complaints of alleged discriminatory or unfair practices in the area of employment, including allegations of sexual harassment and retaliation.

The OIG and JHRC representatives then met with the Complainant to further discuss the sexual harassment allegations. During this meeting, the Complainant provided records related to the Complainant’s concerns and alleged McKinnies was improperly awarded a salary increase by the JHA Board of Commissioners (JHA Board). Subsequent to this meeting, the Complainant filed a written complaint with the OIG.

As part of OIG’s complaint intake process, the Inspector General reviewed and determined that the disclosure demonstrated reasonable cause for protection under the Whistle-blower’s Act, Florida Statutes (F.S.) §112.3187 - 112.3189, and Part 5, of Chapter 602, *Ordinance Code*. The Complainant was designated by the OIG as a Whistle-blower (WB).

Subsequent to the initial meetings with the Complainant, the OIG initiated an administrative investigation in accordance with §602.303, *Ordinance Code*. The OIG conducted this investigation jointly with the JHRC.

In November of 2018, the JHA Board placed McKinnies on paid administrative leave pending the conclusion of the administrative investigation.

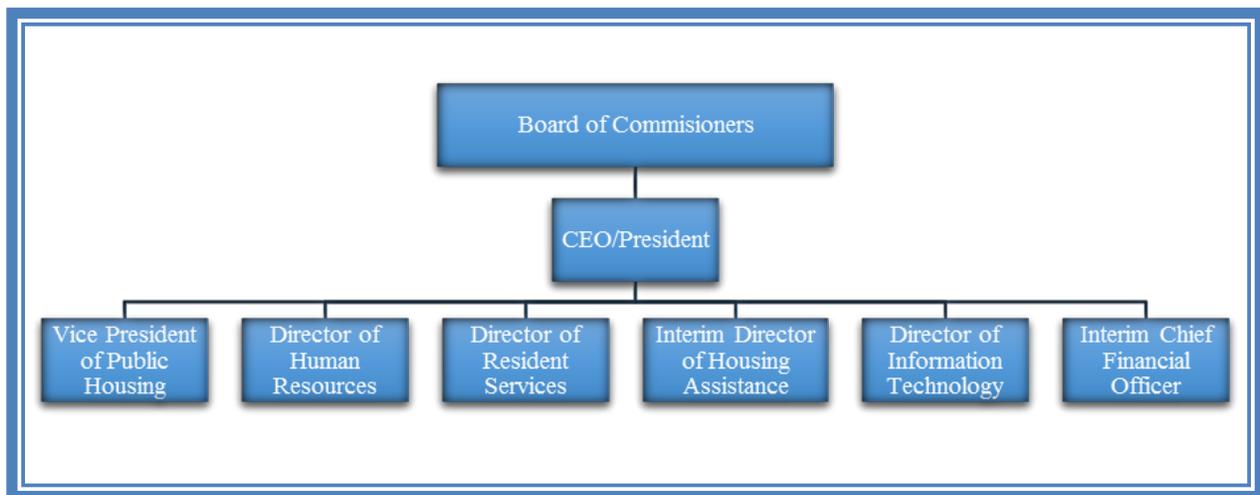
Based on the information presented by the WB, the joint investigation focused primarily on five allegations relating to (1) sexual harassment; (2) standards of conduct; (3) conflict of interest and prohibited receipt of gifts; (4) JHA internal policy; and (5) improper salary increase. During the investigation, the OIG identified a lack of internal controls within JHA, related to outdated internal policies; inconsistent and incomplete record keeping, including personnel files and salary related documents; and inconsistent handling of complaints related to employee misconduct, e.g. sexual harassment and/or harassment. The allegations and lack of internal controls are detailed in the body of this investigative report. Testimony in this investigation was obtained under sworn oath and was audio recorded.

BACKGROUND

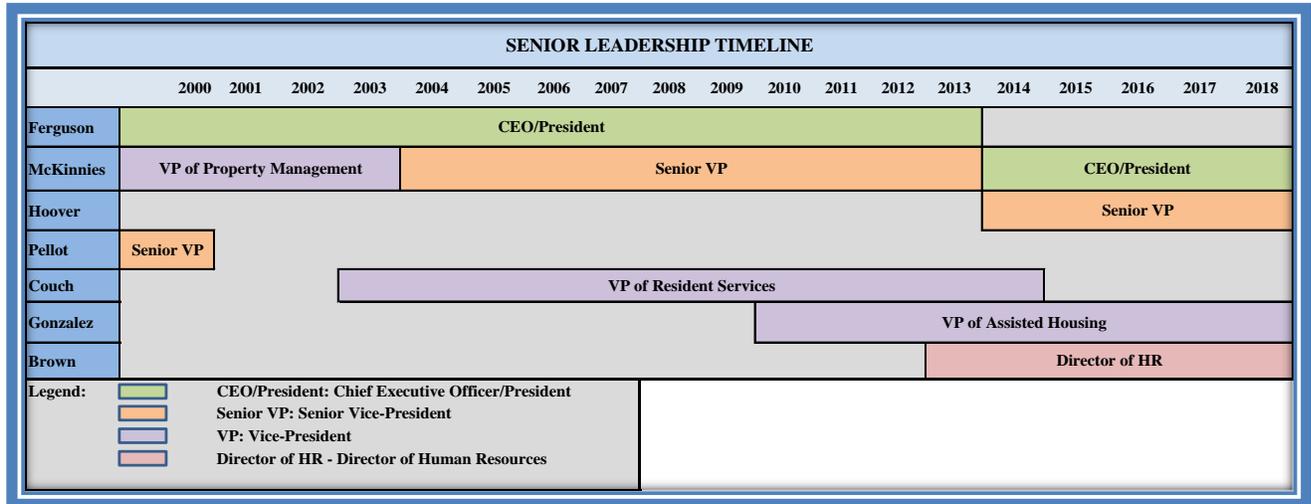
The Jacksonville Housing Authority (JHA) was established through Chapter 51A, of the *Ordinance Code*, pursuant to the authority of Part 1, Chapter 421, of the Florida Statutes, to administer public housing programs within Duval County.

Prior to the establishment of JHA, Public Housing and Section 8 programs were administered by the City of Jacksonville through the Department of Housing and Urban Development (City HUD). JHA was established as an Independent Authority in September of 1994 to fill the need, according to the JHA website, “*for a more efficient and community service oriented public housing agency.*” Since its establishment, JHA has been responsible for administering the Public Housing and Section 8 programs within Duval County. JHA and its programs are entirely funded by the United States Department of Housing and Urban Department (HUD).

In accordance with Chapter 51A, *Ordinance Code*, the Office of the Mayor appoints seven members and eleven Advisory members to serve on the JHA Board. The CEO/President of JHA reports directly to the JHA Board. For reference, the *JHA Organizational Chart* below reflects the organizational structure of JHA Senior Leadership positions, as of December 3, 2018.



For reference, the *Senior Leadership Timeline* below reflects the names and positions held by the JHA senior leadership team from 2000 through 2018.



GOVERNING DIRECTIVES

United States Equal Employment Opportunity Commission Laws

Title VII, Civil Rights Act of 1964

- §703(a)(1), *Unlawful Employment Practices*

Code of Federal Regulations

Title XXIX, Labor

- §1604.11(a)(1)(2)(3), *Sexual Harassment*

Florida Statutes

Chapter 112, Public Officers and Employees: General Provisions

- §112.313(6), *Misuse of Public Position*

Chapter 760, Discrimination in the Treatment of Persons; Minority Representation

- §760.10(1)(a), *Unlawful Employment Practices*

City of Jacksonville Ordinance Code

Chapter 400, Equal Opportunity/Equal Access

- §400.101(a), *Employment*
- §400.101(d), *Harassment*
- §400.101(d)(1), *Sexual Harassment*
- §400.101(e), *Prohibition against Retaliation*

Chapter 402, Equal Employment Opportunity

- §402.201(a), *Employees*

Chapter 602, Jacksonville Ethics Code

- §602.201, *Definitions*
- §602.401, *Misuse of position, information, etc.(effective prior to December 11, 2018)*
- §602.701(a)(3)(b), *Prohibited receipt of gifts*
- §602.702, *Prohibited offering of gifts*
- §602.703(a), *Receipt or charge of commissions or gifts for official transactions*

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

- *Jacksonville Housing Authority Policy Statement, Subject: Sexual Harassment, Number 002, effective August 14, 1995, (referred to hereafter as **Sexual Harassment 002**)*
- *Jacksonville Housing Authority Standard Practice, Subject: Conflict of Interest, Number 005, effective date August 14, 1995, revised date August 16, 2007; (referred to hereafter as **Conflict of Interest 005**)*
- *Jacksonville Housing Authority Standard Practice, Subject: Sexual Harassment, Number 112, effective August 14, 1995, (referred to hereafter as **Sexual Harassment 112**)*
- *Jacksonville Housing Authority Standard Practice, Subject: Harassment, Number 116, effective November 4, 1998, (referred to hereafter as **Harassment 116**)*
- *Jacksonville Housing Authority Standard Practice, Subject: Employee Performance Appraisal, effective August 14, 1995, revised October 20, 2005 (referred to hereafter as **Employee Performance Appraisal 306**)*
- *Jacksonville Housing Authority Standard Practice, Subject: Standards of Conduct, Number 327, effective August 14, 1995, revised November 14, 2001, (referred to hereafter as **Standards of Conduct 327**)*
- *Jacksonville Housing Authority Standard Practice, Subject: Outside Employment, Number 335, effective January 1, 1997, revised November 14, 2001, (referred to hereafter as **Outside Employment 335**)*
- *Jacksonville Housing Authority, Employee Handbook, revised October 2010 (referred to hereafter as **Employee Handbook**)*

- *Bylaws of the Jacksonville Housing Authority (Bylaws)*, dated February 2, 1999, (referred to hereafter as **JHA Bylaws**)
- *Jacksonville Housing Authority Board Meeting Minutes* (hereafter referred to as **JHA Board Meeting Minutes**)

DEFINITIONS

For continuity throughout this investigation, the following terms are defined as follows:

Harassment²: – *Is unwelcome conduct that is based on race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information. Harassment becomes unlawful where 1) enduring the offensive conduct becomes a condition of continued employment, or 2) the conduct is severe or pervasive enough to create a work environment that a reasonable person would consider intimidating, hostile, or abusive.*

Sexual Harassment³ – *It is unlawful to harass a person (an applicant or employee) because of that person's sex. Harassment can include "sexual harassment" or unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature.*

SUMMARY OF ALLEGATIONS

Based on information provided by the WB, the joint investigation focused on the following allegations, as outlined below:

ALLEGATON 1: SEXUAL HARASSMENT

The below allegations related to sexual harassment were investigated:

1(A). *McKinnies, while employed with JHA, was alleged to have sexually harassed a JHA employee in or around 1997.*

1(B). *McKinnies, while employed with JHA, was alleged to have sexually harassed the WB in or around 2000 and again in or around 2015.*

ALLEGATON 2: STANDARDS OF CONDUCT

The below allegations related to standards of conduct were investigated:

² This definition was obtained from the United States Equal Employment Opportunity Commission website. The definition is provided verbatim, in part, and may be located at <https://www.eeoc.gov/laws/types/harassment.cfm>.

³ This definition was obtained from the United States Equal Employment Opportunity Commission website. The definition is provided verbatim, in part, and may be located at https://www.eeoc.gov/laws/types/sexual_harassment.cfm.

- 2(A). *McKinnies, while employed with JHA in various capacities, participated in consensual sexual relationships with multiple JHA employees, dating back to 2001.*
- 2(B). *McKinnies, while employed with JHA, participated in a sexual act on JHA property with a JHA employee with whom he had an ongoing consensual sexual relationship.*
- 2(C). *McKinnies, while in the capacity of CEO/President, provided a job promotion to a JHA employee with whom he had an ongoing consensual sexual relationship.*

ALLEGATON 3: CONFLICT OF INTEREST AND PROHIBITED RECIEPT OF GIFTS

The below allegations related to conflict of interest and prohibited receipt of gifts were investigated:

- 3(A). *McKinnies, prior to and after becoming the CEO/President, requested and paid JHA employees and JHA vendors to complete home improvement services at his residence.*
- 3(B). *McKinnies, while employed with JHA, requested and/or paid JHA employees and JHA vendors to complete home improvement services at the WB's residence.*
- 3(C). *McKinnies, prior to and after becoming the CEO/President, received gifts (in the form of professional golf tournament tickets) from a JHA vendor and subsequently provided the tickets to multiple JHA employees, including those with whom he had consensual sexual relationships.*

ALLEGATON 4: JHA INTERNAL POLICY

The below referenced allegation related to JHA's internal policy was investigated:

- 4(A). *McKinnies, prior to and after becoming the CEO/President, had knowledge of and participated in an "office lottery pool" during the course of his tenure with JHA, dating back to 2013.*

ALLEGATON 5: IMPROPER SALARY INCREASE

The below allegation related to the receipt of an improper salary increase was investigated:

- 5(A). *CEO/President McKinnies received an improper salary increase in 2015 from the former Chair of the JHA Board as a result of an alleged consensual sexual relationship.*

ADDITIONAL INFORMATION: LACK OF INTERNAL CONTROLS

Based on information obtained during the investigation, the OIG determined there was a lack of internal controls within JHA related to the following:

- *Outdated internal policies;*
- *Inconsistent and incomplete record keeping, including personnel files and salary related documents; and*
- *Inconsistent handling of complaints related to employee misconduct, e.g. sexual harassment and/or harassment.*

INVESTIGATIVE FINDINGS

The Investigative Findings section is separated into five Allegation sections as follows: Allegation 1: Sexual Harassment; Allegation 2: Standards of Conduct; Allegation 3: Conflict of Interest and Prohibited Receipt of Gifts; Allegation 4: JHA Internal Policy; Allegation 5: Improper Salary Increase; and one additional section titled, Additional Information: Lack of Internal Controls.

ALLEGATION 1: SEXUAL HARASSMENT

Frederick “Fred” McKinnies (McKinnies), Chief Executive Officer/President (CEO/President) of JHA, was alleged to have: 1(A) sexually harassed a JHA employee in or around 1997, while he was employed with JHA; and 1(B) sexually harassed the WB in or around 2000 and again, in or around 2015, while he was employed with JHA.

GOVERNING DIRECTIVES

Code of Federal Regulations

Title XXIX, Labor

- *§1604.11(a)(1)(2)(3), Sexual Harassment*

City of Jacksonville Ordinance Code

Chapter 400, Equal Opportunity/Equal Access

- *§400.101(a), Employment*
- *§400.101(d), Harassment*
- *§400.101(d)(1), Sexual Harassment*
- *§400.101(e), Prohibition against Retaliation*

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

- *Sexual Harassment 002*
- *Sexual Harassment 112*
- *Harassment 116*
- *Standards of Conduct 327*
- *Employee Handbook*

ALLEGATION 1(A)

McKinnies, while employed with JHA, was alleged to have sexually harassed a JHA employee in or around 1997.

RECORDS REVIEW

The OIG reviewed various records, including applicable federal laws and code of federal regulations, Florida State statutes, municipal ordinances, JHA policies, and other JHA records.

JHA Human Resources Department Records

The OIG attempted to obtain relevant JHA Human Resources Department (HR) files, including the employee's JHA employee personnel file and any JHA investigation file related to a sexual harassment complaint in or around 1997 filed against McKinnies. However, JHA officials were unable to provide any records.

TESTIMONY**Statement of Witness V**

Witness V was formerly employed at JHA from 1996 through 1999 and had held various positions throughout JHA. In 1997, Witness V was a Public Housing Department employee. In the beginning of November 1997, Witness V was completing a walk-through of Witness V's newly purchased residence in Jacksonville, Florida. Around noon on the day of the walk-through, McKinnies arrived unannounced in a sport utility vehicle (SUV).

Witness V did not know why McKinnies was there, as "[Witness V] did not tell him where [Witness V] lived," and "[Witness V] did not personally tell him to come to [Witness V's] residence." Witness V recalled McKinnies wrapped his arms around Witness V "like he was [Witness V's] boyfriend or something" upon him entering Witness V's residence. Witness V stated McKinnies initiated a forceful *unwanted* sexual encounter by proceeding to remove Witness V's clothing and engaging in an unwanted sexual act on the floor of one of the rooms. Witness V did not want to engage in this sexual encounter and told him "no."

During this *unwanted* sexual encounter, Witness V stated McKinnies told Witness V, “*you can scream and yell but nobody is going to hear you.*” Witness V articulated Witness V was “*celibate (sexually abstinent)*” at the time of the *unwanted* sexual encounter. Witness V believed that McKinnies had “*sexually harassed*” Witness V during this encounter. Witness V advised that Witness V went to a hospital and also the Jacksonville Sheriff’s Office⁴ (JSO) to report this matter.

Witness V met with and informed the following JHA employees about the *unwanted* sexual encounter: Ronnie Ferguson (Ferguson), former CEO/President of JHA; James “Jim” Pellot (Pellot), former Senior Vice-President of Public Housing; possibly a former Director of Human Resources (HR Director) (name not specified);⁵ and Witness Z (who was Witness V’s supervisor).

The following workday after the *unwanted* sexual encounter, Witness V met with Witness Z and disclosed details of the *unwanted* sexual encounter. Witness Z downplayed the *unwanted* sexual encounter by telling Witness V, “*this didn’t happen, you consented to this*” and “*you do not need take this any further.*” Afterwards, Witness V began receiving unsatisfactory performance evaluations⁶ from Witness Z, which resulted in Witness V not receiving salary increases.

Within a day of Witness V’s meeting with Witness Z, McKinnies met with Witness V and told Witness V “*if you want to keep your job, you need to keep your mouth closed.*” Witness V believed McKinnies⁷ was threatening Witness V.

The day after McKinnies spoke with Witness V, Witness V met with Ferguson and specifically told Ferguson that McKinnies came to Witness V’s residence “*unannounced,*” “*unasked,*” and “*made a pass at me.*” Witness V inquired if Ferguson would look into the matter. Per Witness V, Ferguson stated “*he did not want this getting into the newspaper, as sexual harassment was a big deal.*” Based on this, Ferguson informed Witness V that he would personally look into the matter. Witness V believed no further actions were taken by Ferguson because Witness V never received any information from Ferguson regarding any follow-up actions.

About a week or two after meeting with Ferguson, Witness V met with Pellot to report the *unwanted* sexual encounter. Witness V told Pellot, “*One of your managers sexually harassed me, is there anything you can do?*” Pellot told Witness V that he would speak with both Ferguson and the JHA Board. Ultimately, Witness V never received any information from Witness Z,⁸ Ferguson or Pellot⁹ related to any follow-up actions regarding this matter.

⁴ The OIG was unable to obtain a report from JSO.

⁵ The former HR Director was not interviewed during this OIG investigation, because Witness V could not definitively recall whether Witness V spoke with the former HR Director.

⁶ The OIG attempted to obtain Witness V’s personnel file from JHA officials, but JHA officials could not locate Witness V’s personnel file.

⁷ McKinnies held the position of Manager of Leasing and Community Planning in November of 1997.

⁸ Witness Z did not recall receiving any information from Witness V related to this *unwanted* sexual encounter.

⁹ Pellot did not recall receiving any information from Witness V related to this *unwanted* sexual encounter.

Afterwards, between approximately December of 1997 and April of 1998, Witness V was transferred from the Public Housing Department to two other positions away from the JHA Main Office. Witness V believed Witness V was moved to the other positions as a form of retaliation. Witness V testified that Witness V sought other employment and resigned from JHA in 1999.

Statement of Ronnie Ferguson, former CEO/President

Ronnie Ferguson served as the CEO/President of JHA from 1995 through October of 2013. As CEO/President, his job duties included overseeing JHA's day-to-day operations, which consisted of presenting JHA-related matters to the JHA Board and also ensuring JHA met HUD guidelines.

In regards to Ferguson's knowledge of a sexual encounter between Witness V and McKinnies, Ferguson recalled Witness V alleged to HR that this sexual encounter occurred during their (Witness V's and McKinnies') lunch hour. Ferguson advised that Witness V reported this information to HR prior to McKinnies becoming the Senior Vice-President.¹⁰ Per Ferguson, Witness V only wanted to make HR aware of this sexual encounter, but did not want anything to happen as a result of an investigation.

A former HR Director conducted an HR investigation¹¹ regarding the sexual encounter between Witness V and McKinnies. During the HR investigation, Witness V disclosed that the sexual encounter had occurred; however, McKinnies denied that the sexual encounter had occurred. Per Ferguson, the former HR Director was unable to make a determination due to Witness V's and McKinnies' conflicting statements; therefore, the allegation was found to be "inconclusive." Per Ferguson, the former HR Director believed the sexual encounter was "consensual." Ferguson did not speak with McKinnies regarding this sexual encounter because Pellot was McKinnies' direct supervisor during this time.

Statement of Frederick "Fred" McKinnies, CEO/President

McKinnies testified that Witness V filed a sexual harassment complaint sometime in or around 1998 or 1999. Per McKinnies, this complaint was investigated and "it was no findings." Additionally, McKinnies stated he "never had sex with [Witness V]" and had never been to Witness V's residence.

According to McKinnies, Witness V never reported directly to him and he stated that he and Witness V did not have "much of a working relationship." According to McKinnies, Witness V was relocated to another position at another JHA property due to alleged misconduct. He stated that he was part of the interview process related to alleged misconduct by Witness V. The interview process was held prior to Witness V's complaint being filed against him.¹²

¹⁰ Per JHA records McKinnies became the Senior Vice-President in May of 2004.

¹¹ The OIG attempted to obtain records related to this investigation, but none could be located by JHA officials.

¹² The OIG attempted to independently verify this information; however, JHA was unable to provide Witness V's personnel file or any records related to disciplinary action taken against Witness V.

SUMMARY OF FINDINGS

Based on sworn testimony, in or around 1997, Witness V alleged that an *unwanted* sexual encounter occurred with McKinnies, while he was employed with JHA in the capacity of Manager of Leasing and Community Planning. Ferguson testified that an HR investigation was conducted by a former HR Director and was found to be “*inconclusive*” due to conflicting statements by Witness V and McKinnies.

According to McKinnies, the sexual harassment complaint was filed against him in or around 1998 or 1999. Per McKinnies, this complaint was investigated and was found to be inconclusive. Additionally, McKinnies stated he “*never had sex with [Witness V]*” and had never been to Witness V’s residence.

The OIG was able to confirm that a complaint had been filed against McKinnies; however, the OIG was unable to confirm conclusively whether this sexual encounter occurred, due to age of the incident, lack of records related to the HR investigation, and lack of witnesses to the event.

During the investigation, the OIG made diligent attempts to locate Witness V’s personnel file and any records related to an HR investigation regarding the aforementioned sexual encounter. However, JHA officials were unable to provide Witness V’s personnel file and/or any records related to an HR investigation into this sexual harassment complaint.

CONCLUSION

The OIG and JHRC investigation concluded that a sexual harassment complaint was filed against McKinnies, sometime between 1997 and 1999, while McKinnies was employed with JHA.

However, the OIG could *not substantiate* that McKinnies sexually harassed a JHA employee in or around 1997, due to lack of JHA investigative records related to the complaint and conflicting testimony during this investigation.

ALLEGATION 1(B)

McKinnies, while employed with JHA, was alleged to have sexually harassed the WB in or around 2000 and again in or around 2015.

RECORDS REVIEW

The OIG reviewed various records, including applicable federal laws and code of federal regulations, Florida State statutes, municipal ordinances, JHA policies, and other JHA records.

JHA Human Resources Department Records

JHA Human Resources Investigation Files

During the investigation, the OIG reviewed a JHA HR investigation file¹³ related to McKinnies (*McKinnies' HR investigation file*). This file contained the WB's allegations against McKinnies related to various forms of misconduct, including sexual harassment and consensual sexual relationships.

Within *McKinnies' HR investigation file*, there were three unsigned typed notes created by Bernadette Brown (Brown), HR Director, dated October 30, 2015; November 3, 2015; and December of 2015 (no specific date identified). The October and December notes are referenced below, and the November 3, 2015¹⁴ note will be referenced under Allegation 2(C).

October 30, 2015

Brown's October 30, 2015, note documented a conversation between the WB and Brown regarding allegations of sexual harassment by McKinnies. Brown's note stated the following verbatim, in part:

[The WB] proceeded to mention that there are people in authority/leadership roles that make decisions regarding people's jobs and are/have been approached people with unwanted sexual advances (Propositioned)...; [The WB] stated that [the WB] had received unwanted sexual advances (propositions) from Fred McKinnies over the years...; [The WB] stated that it was before I was hired. I asked [the WB] if this was going on over the years, why did [the WB] not report it before now. [The WB] stated before [the WB] was afraid. [The WB] stated that there were witnesses to the allegations. I asked if this was a formal complaint? [The WB] stated that [the WB] was not going to provide me with any information in writing because [the WB] had two – three more years before [the WB] can retire and [the WB] needed [the WB's] job ...

I informed [the WB] that as the Director of Human Resources and representative of the agency, I am obligated the [sic] conduct an investigation to address the allegations. [The WB] stated to me, "If you tell anyone I will deny it and will not know what you are talking about"... I asked, "Well how am I supposed to conduct an investigation. [The WB] replied, "I don't know, you can just go around and ask people. I just wanted to let you know about him (Fred) ...

¹³ JHA HR investigation files referenced in this report are different from JHA employees' personnel files.

¹⁴ The November 3, 2015, note did not contain any references to sexual harassment.

I asked [the WB] again to provide with names of witnesses and [the WB] would not...

December of 2015

Brown's December of 2015 note documented a conversation between Brown and McKinnies regarding, in part, the WB's sexual harassment allegation against McKinnies. Brown's note stated the following verbatim, in part:

Met with Fred to discuss the allegations of sexual harassment/misconduct that were stated against him by [the WB]. Fred asked, "What is [the WB] talking about; I have never sexually harassed [the WB] or done anything in appropriate [sic] to [the WB] or anyone. That is a "Lie"...; I informed Fred that I was asking him because it was brought to me and I was obligated to investigate it...I informed Fred that I have offered [the WB] two other positions but [the WB] declined and stated that [the WB] wanted to remain where [the WB] was...I asked why would [the WB] make these statements? He replied, probably because [the WB] came into my office and asked me for a pay raise and I told [the WB] no.

It should be noted that Brown informed McKinnies of the name of the person (the WB) who made these allegations against him in 2015. At the time of this disclosure to McKinnies, the WB reported directly to McKinnies.

JHA Human Resources E-mail Correspondence

During the investigation, Brown provided e-mail correspondence between Brown and the WB dated from November 5, 2015 through November 12, 2015, regarding Brown informing the WB of two other available positions within JHA, which were declined by the WB.

November 5, 2015

Per a November 5, 2015, e-mail correspondence, Brown stated the following to the WB verbatim, in part:

... Per our conversation on Tuesday, you expressed an interest in other opportunities within the agency. There is an Administrative Assistant position available in Resident Services. Please note, the posting deadline is on Monday, November 9, 2015...

November 12, 2015

Per a November 12, 2015 e-mail correspondence, Brown stated the following to the WB verbatim, in part:

... Since you are not interested in the ... Position in Resident Services, would you be interested in a lateral move to [a] ... Position in one of the other departments...

November 20, 2018

Included in McKinnies' HR investigation file, was the following e-mail, in which the WB informed Brown verbatim, in part:

*I would like to **now** put in a formal sexual misconduct complaint in against Fred McKinnies. Please add this email to your previous notes of our verbal conversation ... Since, you failed to do an appropriate investigation on some of these allegations when I spoke to you about this years ago this has now created a hostile work environment to fester...*

TESTIMONY

Statement of the WB

The WB had been employed with JHA for approximately 21 years, and had held various positions throughout JHA. In or around April of 2000, McKinnies¹⁵ was the WB's direct supervisor. Within a couple of months of the WB reporting to McKinnies, McKinnies began inviting the WB to happy hour at a Jacksonville area hotel with him and other JHA employees. Initially, the WB declined McKinnies' invitations; however, McKinnies adamantly continued to extend this invitation to the WB.

Eventually, the WB accepted McKinnies' invitation; however, when the WB arrived, it was only the WB and McKinnies present at the happy hour at the Jacksonville area hotel. The WB estimated that the WB went to happy hour with McKinnies on three or four occasions. During these happy hours, the WB and McKinnies' conversations initially consisted of agency-related matters. The WB stated their "*conversations went left*" when McKinnies began showing a non-professional interest in the WB's personal life.

Per the WB, McKinnies asked the WB about the WB's "*interests,*" "*where I live,*" "*who I live with,*" and "*what I do in my free time.*" Additionally, McKinnies told the WB that he was "*attracted to*" the WB and McKinnies offered to show the WB around St. Augustine, Florida, after he finished golfing on a Saturday afternoon.

On one occasion (during happy hour), the WB asked McKinnies if he had been sexually involved with Witness V or if Witness V had filed a sexual harassment complaint against him. McKinnies replied to the WB by stating Witness V was trying to "*move up the ladder*" and "*there was no*

¹⁵ Per JHA records, McKinnies held the position of Vice-President of Housing Management from December of 1999 to April of 2004.

validity to that.” Additionally, McKinnies told the WB that all the rumors that the WB heard about him were “*lies.*”

Within the next few months, McKinnies continued adamantly to pursue his offer of taking the WB around St. Augustine. The WB did not accept McKinnies’ offer for a few months but eventually accepted McKinnies’ offer. On a Saturday in July of 2000, they met in Jacksonville and carpoled to St. Augustine in McKinnies’ SUV. The WB recalled that McKinnies was sweating profusely, and he told the WB that “*his shirt was wet, he wanted to change and get comfortable, and therefore “he was going to stop.*”

Subsequently, McKinnies stopped at a motel and went into the motel’s lobby. The WB believed McKinnies was going to change his shirt. However, McKinnies returned to his SUV with a motel room key and the WB asked him, “*what are you doing, you’re going to get a [motel] room to change your shirt?*” McKinnies replied to the WB by stating, “*I always get a place here.*”

Afterwards, McKinnies went into a motel room and the WB remained in his SUV. McKinnies opened the motel room door and told the WB “*I forgot my bag. Can you get it out the back?*” The WB obtained McKinnies’ shirt and proceeded to walk towards the motel room. As the WB entered the motel room (the door had been left open by McKinnies), the WB attempted to place his shirt on a chair. During this time, the WB stated McKinnies came out of the bathroom only wearing “*his pants*” and “*he didn’t have on a shirt.*”

The WB stated McKinnies initiated a forceful *unwanted* sexual encounter by forcing himself on the WB and proceeded to remove the WB’s clothing. During this *unwanted* sexual encounter, the WB told McKinnies “*this is not right... I am not ready for this... you’re my boss,*” and “*I don’t even know your [marital] status.*” Per the WB, this sexual encounter was “*very unwanted*” and “*unexpected,*” as the WB “*did not want to have sex with [McKinnies].*”

The WB was very uncomfortable after the sexual encounter and told McKinnies that the WB wanted to leave. McKinnies wanted to have lunch after the sexual encounter; however, the WB did not want to eat and requested that McKinnies drive the WB back to the WB’s vehicle in Jacksonville, which McKinnies did. The WB stated that the WB was new to JHA, and that McKinnies was friendly; therefore, the WB “*trusted him.*” This incident occurred within the first year of the WB’s position of directly reporting to McKinnies.

The following workday after the *unwanted* sexual encounter, the WB stated McKinnies “*just acted like everything was normal*” when the WB saw him at the JHA Main Administration Office (JHA Main Office).

During the following week, the WB stated McKinnies “*wanted me in his face all the time*” and “*kept me very isolated*” from other JHA employees. Further, McKinnies told the WB “*to keep [the WB’s] business to [the WB], that would avoid a lot of rumors.*” However, McKinnies did not specifically tell the WB “*what not to say,*” but rather McKinnies reminded the WB that the WB was “*in a confidential position.*” After the *unwanted* sexual encounter, the conversations

between the WB and McKinnies dramatically changed (frequency and subject of conversations), as McKinnies began calling the WB “*whenever [McKinnies] felt like it.*”

The WB did not disclose details of the *unwanted* sexual encounter because the WB believed that if she did, McKinnies would terminate the WB’s employment from JHA, based on the following: the WB heard McKinnies talk about “*eliminating people*” (terminating JHA employees and vendors); the WB witnessed McKinnies terminate JHA employees who were “*against him;*” and the WB had knowledge that Witness V filed a sexual harassment complaint with HR against McKinnies in the past, which the WB believed may have resulted in Witness V’s termination¹⁶ from JHA.

A couple of months after the *unwanted* sexual encounter occurred, the WB stated the WB “*pushed it*” out of the WB’s mind because the WB directly worked for McKinnies. Around 2001, the WB began working for Ferguson until October of 2013, when Ferguson retired.

The WB began directly reporting to McKinnies again when he became the CEO/President in September of 2013. In October of 2015, the WB and McKinnies were in McKinnies’ office at the JHA Main Office discussing McKinnies’ upcoming surgery. After the WB and McKinnies’ conversation ended, the WB stood up and began walking toward the door to leave McKinnies’ office. According to the WB, McKinnies followed the WB and asked the WB for “*sympathy sex.*” Per the WB, McKinnies’ request was “*out of the blue.*”

McKinnies stood in front of the WB while the WB was trying to exit McKinnies’ office. McKinnies began kissing the WB in front of his office door, which was open. Subsequently, McKinnies forcibly had the WB’s hands make physical contact of a sexual nature on McKinnies body as he continued kissing the WB. The WB pushed McKinnies off of the WB and left McKinnies’ office.

Statement of Bernadette Brown, HR Director, Human Resources Department

Bernadette Brown, HR Director, had held her current position since becoming employed at JHA in August of 2013. As the HR Director, her job duties, in part, included overseeing HR matters and investigating allegations of misconduct by JHA employees. Investigations included violations related to JHA’s *Standard Practices: Sexual Harassment 002 and 112* and *Harassment 116*. Brown adhered to certain practices in regards to handling and investigating complaints regarding misconduct (e.g. sexual harassment/harassment) by JHA employees.

Brown accepted both verbal (informal) complaints and written (formal) complaints from both JHA employees and JHA residents. Upon receiving complaints (either informal or formal complaints), she interviewed the complainant(s) to obtain additional information, which included dates and witnesses to the allegations.

¹⁶ Witness V testified that Witness V sought other employment and resigned from JHA.

If Brown received a verbal complaint, she memorialized the verbal complaint¹⁷ and asked the complainant to provide her with “*something in writing so that we can memorialize it, when we talk with the [subject] employee.*” As a result of the complainant’s allegations, she informed the complainant that his or her allegations may warrant an investigation by HR.

Further, Brown informed complainants about the “*process of the investigation.*” This process included Brown speaking with all the witnesses and subjects provided by the complainants in regards to the allegations; Brown keeping the investigation “*as confidential as possible;*” and Brown requesting that the complainants keep the investigation confidential.

Additionally, Brown provided the complainants with approximate timeframes for the closure of the investigations. Per Brown, the timeframes for the closure of the investigations varied depending upon the number of witnesses provided by the complainants. She asked the complainants if they were comfortable with her conducting the investigations. If the complainants were not comfortable, she informed the complainants “*I’ll still have to move forward based on the allegations.*”

Afterwards, Brown met with all witnesses (provided by the complainant) to obtain additional information in regards to the allegations. If the witnesses provided her with any relevant information, she asked them to provide her with a written statement. Additionally, she asked the witnesses if they knew any other witnesses with information relevant to the allegations.

Subsequently, Brown met with all subjects (provided by the complainant) to inform them of the allegations filed against them. During this meeting, she provided the subjects with “*an opportunity to state whether it’s valid or not.*” If the subjects provided her with any relevant information, she asked them to provide her with a written statement.

Upon completing the interviews and obtaining relevant information, she determined whether the allegations were valid or invalid. Her investigative findings, in conjunction with recommendations of disciplinary actions, were reflected in her investigative reports. Per Brown, if employees were in hostile work environments (i.e. employee and manager disputes), the employees were transferred pending completion of investigations and/or as a result of completed investigations.

In regards to the note dated October 30, 2015 (refer to page 15), Brown stated the WB alleged McKinnies had “*propositioned*” the WB for unwanted sexual advances “*a while ago.*” The WB articulated that the WB was propositioned by McKinnies prior to Brown’s employment (during the tenure of two former HR Directors). Per Brown, the WB’s disclosure was a complaint. However, based on the WB not providing Brown with detailed information, Brown stated “*I wasn’t going to go around and ask people, do you know if Fred did this ...*” According to Brown, the date of this note was the first time she became aware of this matter.

¹⁷ Brown memorialized these verbal conversations by typing notes that documented her conversations with the complainant regarding their complaint.

As a result of the WB's allegation, Brown e-mailed the WB on two different occasions to inquire whether the WB wanted to be temporarily transferred to two other positions that were the same salary as the WB's position. She informed the WB that transferring positions was not a form of discipline, but rather to "*remove the WB from the environment.*" However, the WB refused to be transferred to another position on these occasions, but rather requested for Brown to "*move [McKinnies].*"

In or around April or May of 2016, a conversation occurred during a JHA Board meeting regarding the WB's allegation of McKinnies propositioning the WB for unwanted sexual advances. This JHA Board meeting was comprised of the JHA Board, Brown, legal counsel, and possibly McKinnies.¹⁸

During the meeting, Board Chair Davis asked Brown if she was aware of the WB's allegation (McKinnies' proposition), to which Brown replied, "*I had a conversation with [the WB].*" Davis asked Brown if she conducted an investigation into the matter, to which Brown replied, "*No, I did not.*" Brown stated that she did not complete a thorough investigation into this matter because the WB provided her with "*limited information.*" Additionally, Brown told Davis that the WB told Brown "*if [Brown] told anybody and if anybody asked [the WB], [the WB] would deny it.*"

Subsequent to this board meeting, Brown met with Davis, per Davis' request. During Brown and Davis' conversation, they discussed, in part, the allegation that McKinnies propositioned the WB with *unwanted* sexual advances.

Ultimately, Davis instructed Brown to update JHA's internal policies (policies) by hiring a consultant as needed and to ensure that JHA employees were aware of how to report harassment. However, Brown stated that she did not update any JHA policies after the conversation occurred in April or May of 2016.

Statement of Carrie Davis, former Board Chair

Carrie Davis, former Board Chair, advised that if she received a complaint alleging misconduct (e.g. harassment) against the CEO/President, she would have contacted the Office General Counsel (OGC). According to Davis, she understood that if the HR Director received a complaint alleging misconduct (e.g. harassment) by the CEO/President, the HR Director was supposed to contact OGC to inform them of the allegations. Davis advised the HR Director should not be the person to discuss the allegations with the CEO/President. Additionally, Davis advised she (as the Chair) would expect for the HR Director to make the Board Chair aware of any complaints regarding the CEO/President.

Per Davis, she did not receive any information regarding any alleged misconduct by McKinnies prior to his selection as the CEO/President. Davis also testified that the WB never disclosed any

¹⁸ The OIG attempted to obtain these meeting minutes; however, JHA was unable to provide any minutes related to this matter.

information to her regarding alleged misconduct by McKinnies. Per Davis, during her tenure on the JHA Board, approximately 2012 through 2017, she and the JHA Board did not receive any complaints or information related to misconduct by any JHA employees (to include McKinnies) from the HR Director.¹⁹

Statement of Frederick “Fred” McKinnies, CEO/President

In 1999, McKinnies and the WB began their personal relationship (consensual sexual relationship), which ended in 2009, while they were both employed with JHA. McKinnies stated during a visit to St. Augustine, McKinnies obtained a hotel room and he and the WB had a sexual encounter (date not specified).

He recalled he and the WB returned to Jacksonville after the sexual encounter. He did not recall who made the decision to obtain the hotel and have the sexual encounter. He did not recall whether this sexual encounter was his first sexual encounter with the WB. Per McKinnies, the WB did not express to him that this sexual encounter was *unwanted*. He stated, “*I never had anything but consensual intimacy*” with the WB. Further, he stated, “*at no time did [the WB] reject any type of sexual encounter with me.*”

In October of 2015, McKinnies had surgery for health-related problems. Prior to his surgery, he discussed his upcoming surgery with various JHA employees, including the WB, to inform them he was not going to be in the office. He described his relationship with the WB as “*great*” during this time. McKinnies stated he did not ask the WB to have sex with him nor did he have forcible physical contact of a sexual nature with the WB prior to his surgery.

Upon returning to work from surgery in 2015, Brown had a conversation with McKinnies in regards to the sexual harassment complaint against him. During this conversation, Brown informed McKinnies that the WB “*made a comment*” to Brown that alleged he had said or done something inappropriate to the WB. Brown told McKinnies that the WB was “*unclear*” about McKinnies’ inappropriate act. Further, Brown told McKinnies that the WB would deny the allegation if Brown brought it to McKinnies’ attention. However, McKinnies stated that it was unclear to him if it was a “*complaint, or a suggestion, or just a comment*” because there was no formal written complaint.

Brown asked McKinnies, “*What happened between you and [the WB],*” to which McKinnies replied, “*Nothing I can remember or I have done.*” McKinnies told Brown, “*I did not make any inappropriate gestures or any other expressions to [the WB].*”

Ultimately, Brown suggested to McKinnies that he not close his office door when the WB was in his office. Per McKinnies, the WB had a habit of closing his office door when the WB came in

¹⁹ The OIG did not question Davis about the April/May 2016 conversation, because Davis was interviewed prior to Brown. Brown became the HR Director in 2013.

his office to complain or request a raise. He was unaware if Brown discussed the WB's complaint with the Board Chair at any time.

SUMMARY OF FINDINGS

Based on the sworn testimony of both the WB and McKinnies, sometime in either 1999 or 2000, a sexual encounter between McKinnies and the WB occurred in St. Augustine. The WB stated the encounter occurred in July of 2000, when McKinnies was the Vice-President of Housing Management, and that the encounter was *unwanted*. The WB stated that McKinnies was the WB's direct supervisor at the time of the encounter. McKinnies testified that he believed that the encounter occurred in 1999, prior to the WB being his direct report, and he testified that it was consensual.

The OIG and JHRC were unable to confirm conclusively whether this sexual encounter in St. Augustine in or around 2000 was *unwanted* due to lack of witnesses to the event and the conflicting testimony of the WB and McKinnies.

Based on the sworn testimony of the WB, McKinnies, while CEO/President and the direct supervisor of the WB, requested a sexual favor in the form of "*sympathy sex*" and made forcible physical contact of a sexual nature with the WB in or around October of 2015. McKinnies testified he did not ask the WB to have sex with him nor did he have forcible physical contact of a sexual nature with the WB prior to his surgery in 2015.

The OIG and JHRC were unable to confirm conclusively whether McKinnies requested a sexual favor in the form of "*sympathy sex*" and/or made forcible physical contact of a sexual nature with the WB in or around October of 2015, due to lack of witnesses to the event and the conflicting testimony of the WB and McKinnies.

However, based on testimony and records, the investigation determined that Brown discussed with McKinnies, upon his return from surgery in 2015, that the WB made allegations of "*sexual harassment/misconduct*" against him. During this discussion, Brown mentioned the WB by name to McKinnies. According to Brown's note dated December of 2015, McKinnies stated in part "...I have never sexually harassed [the WB] or done anything in appropriate [sic] to [the WB] or anyone..."

Brown did not notify the Board Chair or OGC in the fall of 2015 when these allegations were first brought to her attention.

Brown testified that in April/May of 2016, during a board meeting, Board Chair Davis asked Brown if she was aware of the WB's allegation (McKinnies' proposition), to which Brown advised that she had a conversation with the WB. Brown told Davis she did not conduct an

investigation into the matter due to limited information she received at the time of the complaint in 2015.²⁰

Davis testified that neither she, nor the JHA Board, received any complaints or information related to misconduct by any JHA employees (to include McKinnies) from the HR Director during Davis' tenure on the JHA Board, from approximately 2012 through 2017.

CONCLUSION

In regards to Allegation 1(B), the OIG and JHRC investigation *substantiated* through sworn testimony, including McKinnies' own admission, that a sexual encounter occurred between McKinnies and the WB sometime between 1999 and 2000 in St. Augustine, while McKinnies was employed with JHA. The investigation was unable to confirm conclusively whether this sexual encounter was *unwanted* due to conflicting statements from both the WB and McKinnies and lack of witnesses to the event.

Additionally, the investigation could *not substantiate* whether McKinnies, while CEO/President and the direct supervisor of the WB, requested a sexual favor in the form of "*sympathy sex*" and made forcible physical contact of a sexual nature with the WB in or around October of 2015, due to conflicting statements of both the WB and McKinnies and lack of witnesses to the event.

Therefore, in regards to Allegation 1(B), the OIG and JHRC investigation could *not substantiate* that McKinnies sexually harassed the WB in 2000 and 2015.

The investigation concluded that in December of 2015, Brown brought the sexual harassment/misconduct allegations concerning McKinnies directly to the attention of McKinnies and informed him of the name of the person (the WB) who made these allegations against him. At the time of this disclosure to McKinnies, the WB reported directly to McKinnies. Brown did not bring these allegations to the attention of the Board or OGC when Brown first learned of the concerns and did not conduct an investigation into these allegations.

ALLEGATION 2: STANDARDS OF CONDUCT

McKinnies was alleged to have: 2(A) participated in consensual sexual relationships with multiple JHA employees, while employed with JHA dating back to 2001; 2(B) participated in a sexual act on JHA property with a JHA employee with whom he had an ongoing consensual sexual relationship, while employed with JHA; and 2(C) provided a job promotion to a JHA employee with whom he had an ongoing consensual sexual relationship, while in the capacity of CEO/President.

²⁰ Brown documented in her own December of 2015 note that she "*was obligated to investigate.*"

GOVERNING DIRECTIVES

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

- *Standards of Conduct 327*
- *Employee Handbook, Rules of Conduct*

ALLEGATION 2(A)

McKinnies was alleged to have participated in consensual sexual relationships with multiple JHA employees while employed with JHA, dating back to 2001.

RECORDS REVIEW

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

The *Standards of Conduct 327, 2. Ethical Standards of Conduct*, states in part, verbatim:

A. General: It is imperative that employees not allow themselves to be placed in positions where conflict of interest might justifiably be suspected...

B. Prohibited Acts, specifies, verbatim, in part: No Jacksonville employee shall...c. Lose complete independence or impartiality in the conduct of the Authority's business;...

The *Employee Handbook, Rules of Conduct* section, specifies verbatim, in part:

All employees are expected to conduct themselves within the accepted customs of good taste and to use good judgement. The following ... represents examples of violations of work rules for which an employee can expect to be disciplined up to and including discharge... 7. Immoral or indecent conduct²¹...

The end of the *Rules of Conduct* section specifies, verbatim:

Concerning off-the-job conduct, employees should conduct themselves in such a manner as not to reflect adversely on the Authority or other employees.

²¹ The OIG notes that immoral or indecent conduct is not defined.

JHA Employee Personnel Files²²

During the investigation, the OIG reviewed the personnel files of current and former JHA employees with whom McKinnies was alleged to have had a consensual sexual relationship, dating back to 2001. A review of the WB's personnel file confirmed that the WB was employed with JHA since January of 1998 (with no breaks in service). The WB directly reported to McKinnies from approximately April of 2000 through April of 2001 and again in September of 2013.

The OIG reviewed *Employee Change Notices (ECNs)* contained in the WB's personnel file for the period of 2000 through 2001, which reflected that McKinnies directly approved three employee performance reviews, a completion-of-probation salary increase, and a performance evaluation salary increase for the WB. From approximately May of 2001 through August of 2013, the WB did not report to McKinnies. There are no other *ECNs* in the WB's file after September of 2013, when McKinnies became CEO/President.

The OIG also reviewed the personnel file of Witness B, a former JHA employee. A review of Witness B's personnel file confirmed that Witness B was employed with JHA from March of 1996 through September of 2018 (with one break in service from May of 1999 through May of 2001). Witness B directly reported to McKinnies from approximately September of 2001 through December of 2006.

The OIG reviewed *ECNs* contained in the Witness B's personnel file for the period of 2001 through 2006, which reflected that McKinnies either directly approved or was in the approval chain for a promotional hire, an employee performance review, and a completion-of-probation salary increase for Witness B. A similar review for the period of 2007 through 2018 disclosed that McKinnies was in the approval chain for out-of-class pay, a promotion, completion-of-probation salary increases, and a salary adjustment for Witness B.

Other Records - COJ Office of General Counsel Records

During the OIG investigation, the OIG reviewed an Office of General Counsel *Telecommunication (facsimile cover sheet)* dated August 4, 2008, addressed to Ferguson from a former Office of General Counsel employee. The *Telecommunication* was accompanied by six pages of typed notes related to an investigation involving JHA in or around 2008 (hereafter referred to as *Telecommunication*).

Per review of the *Telecommunication*, former JHA employees, including Ferguson, appeared to have been questioned during an investigation by a federal agency into matters concerning JHA. One of these former JHA employees was questioned, in part, about his/her knowledge of a

²² The OIG determined that record-keeping was inconsistent in JHA personnel files and some relevant documents were missing. The information provided in this report is based on available records provided to the OIG.

consensual sexual relationship between McKinnies and Witness B and Witness B's promotion.²³ The OIG did not attempt to obtain the federal investigation records.

Hotel Master Folio Records

During the investigation, the OIG subpoenaed master folio records²⁴ related to the WB, Witness B, and McKinnies from two different hotels.²⁵ Neither of these hotels provided the OIG with master folio records in McKinnies' name. However, one of these hotels provided the OIG with master folio records related to both the WB and Witness B, which reflected the following:

- Master folio in the name of the WB disclosed check in at a Jacksonville Beach, Florida, hotel on September 28, 2005, (Wednesday) at 1:34 p.m. with a check out date of September 29, 2005 (Thursday) at 5:11 a.m.
- Master folio in the name of the Witness B and address of "1300 Broad Street, Jacksonville, FL 32202"²⁶ disclosed a check in at same Jacksonville Beach hotel on October 28, 2005, (Friday) at 2:10 p.m. with a check out date of October 29, 2005 (Saturday) at 11:32 p.m.

The OIG attempted to locate time and attendance records dating back to 2005 to verify whether annual leave was taken; however, due to retention procedures, these records were no longer available.

TESTIMONY

Statement of the WB

The WB advised that after the *unwanted* sexual encounter between McKinnies and the WB, in or around July of 2000, they continued to work together, and the WB began developing emotional feelings and an attraction to McKinnies.

In 2001 (month not specified), McKinnies and the WB's professional relationship transitioned to a consensual sexual relationship, while McKinnies was in the capacity of Vice-President of Housing Management and the direct supervisor of the WB. McKinnies and the WB were in a consensual sexual relationship until approximately 2007 (month not specified).

While the WB was a direct report to McKinnies, McKinnies conducted the WB's performance evaluations on an annual basis, which consisted of McKinnies recommending the WB for salary increases. The WB stated McKinnies "*kept giving me raises*" upon approval from CEO/President Ferguson.

²³ The *Telecommunication* appeared to be about Witness B and a promotion in or around 2007.

²⁴ Master folio records reflect the date, room number, and cost of hotel acquired by a customer based on the hotel's records.

²⁵ The name of the hotels will not be listed in this report.

²⁶ This is the address of the JHA Main Office.

Around May of 2001, the WB no longer reported to McKinnies. The WB sought a new position, in part, as “*a way out*” of the consensual sexual relationship with McKinnies; however, McKinnies and the WB remained in a consensual sexual relationship. The WB stated the WB was “*scared of [McKinnies] because of his power,*” as the WB believed McKinnies could terminate the WB’s employment.

Throughout the consensual sexual relationship, McKinnies provided the WB with a variety of gifts on various occasions (e.g. birthdays and holidays). The gifts provided by McKinnies included, but were not limited to, gift cards, flowers, name brand purses, and his personal jewelry (a bracelet²⁷), with gift values ranging from \$50 to \$300.

The WB stated McKinnies also gave the WB cash while either in the JHA Main Office or during their Saturday “*sessions*” when they met regularly at a Jacksonville area hotel. Per the WB, McKinnies stated, “*I will get you a ring, but it’s not an engagement ring.*” Per the WB, the ring was a form of validation from McKinnies. The WB used the cash to pay off the ring.²⁸

In addition, the WB and McKinnies visited each other while attending JHA-related trainings. On one occasion (date not specified), McKinnies attended a housing conference in California. JHA paid the travel costs and lodging for McKinnies. The WB used annual leave and traveled to California via airplane to meet McKinnies. McKinnies reimbursed the WB for the cost of the airfare. While in California, the WB stayed with McKinnies in his hotel room for three nights. The WB stated, “*I didn’t spend any money,*” as McKinnies paid for everything, specifically the rental of a vehicle and the WB’s meals. In addition, the WB stated McKinnies “*gave me money to go into the gift shop,*” which the WB used to purchase some jewelry.

On another occasion (date not specified), the WB attended a three-day, work-related conference in Orlando, Florida. On the second day of the conference, McKinnies traveled to Orlando and stayed in the WB’s hotel room. Per the WB, it was McKinnies’ idea for him to travel and meet up with the WB.

At some point when McKinnies was directly supervising the WB, the WB, Witness B, and McKinnies met for happy hour at a Jacksonville area hotel.²⁹ The WB stated that McKinnies had sexual encounters with the WB and Witness B at different hotels. McKinnies reimbursed either the WB or Witness B for the cost of the hotel rooms. Each of the encounters included food and alcohol. McKinnies reimbursed the WB for the cost of alcohol.

The WB stated McKinnies and the WB’s consensual sexual relationship ended because the WB felt betrayed when McKinnies introduced Witness B into their (the WB and McKinnies’) relationship.

²⁷ During the investigation, the WB brought the bracelet to the OIG.

²⁸ During the investigation, the WB brought the ring and related records to the OIG.

²⁹ Witness B corroborated this statement.

Statement of Witness B

Witness B retired from JHA in September of 2018, after being employed at JHA for approximately 20 years. From approximately September of 2001 through April of 2004, McKinnies, as the Vice-President of Housing Management,³⁰ was the direct supervisor of Witness B. From approximately May of 2004 through December of 2006 McKinnies, as Senior Vice-President,³¹ was the direct supervisor of Witness B.

According to Witness B, McKinnies and Witness B's professional relationship transitioned to a consensual sexual relationship in either 2005 or 2006 (month not specified). McKinnies and Witness B were in a consensual sexual relationship from approximately 2005 or 2006 until approximately April or May of 2018. Witness B stated that Witness B ended the consensual sexual relationship in 2018.

Statement of Ronnie Ferguson, former CEO/President

Ferguson stated that he did not have any firsthand knowledge that McKinnies had a consensual sexual relationship with either the WB and/or Witness B, nor had he heard any rumors regarding this.³²

Statement of James Pellot, former Senior Vice-President of Public Housing

Pellot had been employed with JHA from 1995 to 2000. At the time of his retirement, he held the position of Senior Vice-President of Public Housing. Pellot advised that during his employment, he did not have any knowledge of, nor had he received any information regarding, McKinnies and the WB being in a non-professional relationship.

Statement of Jane Hoover, former Senior Vice-President of Property Management

Hoover had been employed at JHA for approximately 15 years and retired as the Senior Vice-President of Property Management in May of 2018. As the Senior Vice-President of Property Management, she was second in charge at JHA.

Hoover stated that she had heard rumors that McKinnies had been in a relationship (type of relationship not specified) with the WB and Witness B. Per Hoover, the WB, Witness B, and McKinnies would be in McKinnies' office talking and laughing on a regular basis.

³⁰ Per JHA records, McKinnies held the position of Vice-President of Housing Management from December of 1999 through April of 2004.

³¹ Per JHA records, McKinnies held the position of Senior Vice-President from May of 2004 through August of 2013.

³² At the time of Ferguson's interview, the OIG did not have the *Telecommunication*; therefore, the OIG did not question Ferguson regarding this document and his apparent knowledge of McKinnies' relationship with Witness B.

Statement of Larry Gonzalez, former Vice-President of Assisted Housing

Gonzalez had been employed at JHA for approximately 20 years and retired as the Vice-President of Assisted Housing in August of 2018. He had no firsthand knowledge that McKinnies had a consensual sexual relationship with either the WB and/or Witness B. Based on his minimal observations, he stated McKinnies interacted in a professional manner with both WB and Witness B.

Statement of Frederick “Fred” McKinnies, CEO/President

McKinnies stated he participated in a consensual sexual relationship with the WB from 1999 through 2009, while employed with JHA in various capacities. McKinnies estimated that the WB was his direct report for approximately six months to one year, beginning in or around December of 1999. McKinnies stated that during this time he had both a “*working relationship and a personal relationship with [the WB].*”

Throughout the consensual sexual relationship, McKinnies recalled providing the WB with gifts on occasions, including Christmas and birthdays, which consisted of scarfs, name brand purses, and gift certificates valued between \$50 and \$200. Additionally, he believed he gave the WB a piece of personal jewelry. Further, he recalled the WB provided gifts, which consisted of gift certificates, to him on various occasions, including Christmas.

McKinnies attended a National Leased Housing Conference in Palm Springs, California (lodging was paid for by JHA), while he was in the capacity of Vice-President of Housing Management.³³ The WB traveled to Palm Springs and stayed with him. McKinnies stated that the WB paid the WB’s own airfare. He believed he was not the WB’s direct supervisor during this time. McKinnies stated, “[*the WB*] suggested it. [*The WB*] said the [*WB*] had never been out to California.” Per McKinnies, no JHA funds were used “*for [the WB’s] personal use.*”

On another occasion (McKinnies’ position not specified, date not specified), the WB traveled to meet McKinnies at a conference (possibly National Leased Housing Conference) in either Naples, Florida, or Fort Myers, Florida. He believed he was not the WB’s direct supervisor during this time. Per McKinnies, the WB asked him, “*do you mind if I come down and visit while you’re down there?*” He recalled the WB used annual leave and that the WB paid for the WB’s own travel. According to McKinnies, he did not visit the WB while the WB was attending agency-related trainings.

McKinnies stated he participated in a consensual sexual relationship with Witness B from 2007 through 2018, while he was employed with JHA in various capacities, including as the CEO/President. Witness B directly reported to him and was supervised by him when he was the

³³ The OIG attempted to verify the dates of travel by obtaining travel documents from JHA; however, the OIG was unable to determine the exact dates due to lack of available records prior to 2011.

Vice-President of Housing Management and also while he was Senior Vice-President (for some of the time).

Throughout this consensual sexual relationship, he recalled providing gifts to Witness B on occasions, including Christmas, which consisted of name brand purses and gift certificates. Further, he recalled that on various occasions Witness B provided him with gifts (golfing apparel).

McKinnies advised that on two different occasions (dates not specified), Witness B traveled to meet McKinnies in Washington, D.C. and in South Florida (possibly Naples or Fort Myers), while he was in the capacity of Vice-President of Housing Management. He recalled Witness B used annual leave and Witness B paid Witness B's own travel to these locations.

SUMMARY OF FINDINGS

Based on the sworn testimony, McKinnies, while in the capacity of Vice-President of Housing Management and Senior Vice-President, participated in a consensual sexual relationship with the WB. McKinnies testified that he was the direct supervisor of the WB while he was in the capacity of Vice-President of Housing Management. According to the WB, this consensual sexual relationship occurred from 2001 through 2007. According to McKinnies, this relationship occurred from 1999 through 2009.

Based on JHA records, McKinnies was the direct supervisor of the WB from approximately April of 2000 through 2001. For the period of 2000 through 2001, McKinnies directly approved three employee performance reviews, a completion-of-probation salary increase, and a performance evaluation increase for the WB. From approximately May of 2001 through August of 2013, the WB did not report to McKinnies.

Based on testimony, the WB traveled to California and Florida while McKinnies was attending work-related conferences. McKinnies did not believe he was the WB's direct supervisor at that time. McKinnies testified that no JHA funds were used to pay for the WB's travel for these trips. McKinnies stated that the WB paid for the WB's own airfare. In contrast, the WB stated that McKinnies reimbursed the WB for the cost of the airfare. Based on testimony, McKinnies and the WB exchanged gifts.

McKinnies testified that he had a consensual sexual relationship with Witness B from 2007 through 2018, while he was Senior Vice-President and CEO/President. Witness B testified that the relationship with McKinnies occurred from approximately 2005 or 2006 until April or May of 2018. Based on testimony, McKinnies and Witness B exchanged gifts.

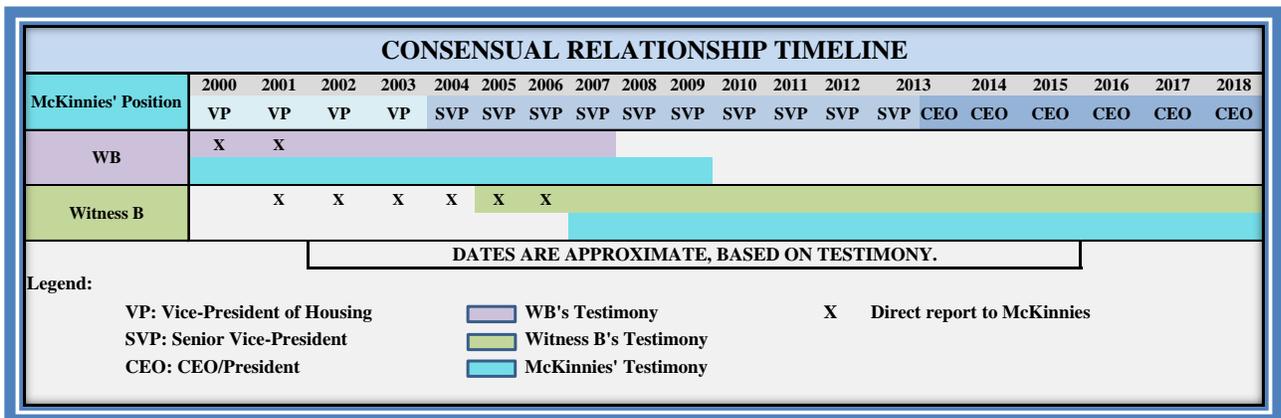
Based on JHA records, McKinnies was the direct supervisor of Witness B from approximately September of 2001 through December of 2006, while he held the position of Vice-President of Housing Management. During the period of 2001 through 2006, McKinnies either directly approved or was in the approval chain for a promotional hire, an employee performance review,

and a completion-of-probation salary increase for Witness B. For the period of 2007 through 2018, McKinnies was in the approval chain for out of class pay, a promotion, completion-of-probation salary increases, and a salary adjustment for Witness B.

Based on testimony, Witness B traveled to Washington D.C. and Florida while McKinnies was attending work-related conferences. McKinnies testified that he was in the position of Vice-President of Housing Management. McKinnies testified that Witness B used leave and paid Witness B’s own travel expenses. Based on testimony, McKinnies and Witness B exchanged gifts.

Based on master folio records, some of the sexual encounters may have occurred during work hours; however, due to lack of timekeeping records, annual leave could not be verified.

Based on testimony and records, the following chart summarizes the consensual sexual relationships of McKinnies, the WB, and Witness B, while employed with JHA. In addition, the chart depicts when the WB and Witness B reported *directly* to McKinnies.



The existing JHA policies, specifically *Standards of Conduct 327* and the *Employee Handbook, Rules of Conduct*, do not specifically address non-professional relationships between supervisors and subordinate employees.

However, *Standards of Conduct 327, 2. Ethical Standards of Conduct*, states, “It is imperative that employees not allow themselves to be placed in positions where conflict of interest might justifiably be suspected...” The *Employee Handbook, Rules of Conduct* states, “All employees are expected to conduct themselves within the accepted customs of good taste and to use good judgement. The following ... represents examples of violations of work rules for which an employee can expect to be disciplined up to and including discharge... 7. Immoral or indecent conduct...”

The OIG notes that JHA's *Rules of Conduct* do not define what constitutes "immoral or indecent."

McKinnies, while in senior leadership roles, including CEO/President testified he engaged in consensual sexual relationships with subordinate employees during 1999 through 2018, while McKinnies had direct or indirect supervisory oversight of these same employees. During this time period, McKinnies was responsible for approving, either directly or indirectly, these employees' evaluations, salary increases, and a promotion, thereby creating an appearance of conflict of interest.

Based on the content of the *Telecommunication*, dated August 4, 2008 (refer to page 26) and addressed to Ferguson, it appears that Ferguson may have had knowledge in 2008 of a potential allegation concerning McKinnies' involvement in a relationship with Witness B.

CONCLUSION

In regards to Allegation 2(A), the joint investigation *substantiated* through testimony, including McKinnies' own admission, the allegation that McKinnies participated in consensual sexual relationships with two JHA employees, dating back to 1999, while in capacity of Vice-President of Housing Management of JHA, and up until approximately April or May of 2018, while in capacity of CEO/President of JHA.

The investigation determined McKinnies, during 1999 through 2018, had direct or indirect supervisory oversight of these same employees. In addition, McKinnies was responsible for approving, either directly or indirectly, these employees' evaluations, salary increases, and a promotion, thereby creating an appearance of conflict of interest, whether real or perceived.

The investigation concluded JHA lacks internal policies related to non-professional relationships between supervisors and subordinate employees and lacks clarity regarding what constitutes immoral or indecent conduct.

ALLEGATION 2(B)

McKinnies, while employed with JHA, participated in a sexual act on JHA property with a JHA employee with whom he had an ongoing consensual sexual relationship.

RECORDS REVIEW

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

The *Employee Handbook, Rules of Conduct* section, specifies verbatim, in part:

All employees are expected to conduct themselves within the accepted customs of good taste and to use good judgement. The following ... represents examples of violations of work rules for which an employee can expect to be disciplined up to and including discharge... 7. Immoral or indecent conduct³⁴...

TESTIMONY

Statement of the WB

Sometime between 2007 and prior to 2010, the WB observed Witness B perform a sexual act on McKinnies, while McKinnies was Senior Vice-President. The WB witnessed this sexual act in Witness B's office, located within the JHA Main Office, during work hours (between 8 a.m. to 5 p.m.). The WB believed Witness B might have performed the sexual act as the result of a dare.

Statement of Witness B

Witness B testified that the WB "*challenged*" Witness B to perform a sexual act on McKinnies. According to Witness B, Witness B accepted the dare and performed a sexual act on McKinnies in the presence of the WB, while in Witness B's office, located within the JHA Main Office, during work hours (between 8 a.m. to 5 p.m.).

Statement of Frederick "Fred" McKinnies, CEO/President

McKinnies stated "*I don't recall that,*" regarding Witness B having performed a sexual act on McKinnies in the presence of the WB, while in Witness B's office, located within the JHA Main Office, during work hours (between 8 a.m. to 5 p.m.).

SUMMARY OF FINDINGS

Based on the sworn testimony of both the WB and Witness B, Witness B performed a sexual act on McKinnies while on JHA property during working hours, in or around 2007 and prior to 2010, while McKinnies was the Senior Vice-President. McKinnies testified he did not recall the sexual act.

CONCLUSION

In regards to Allegation 2(B), the investigation *substantiated* through testimony that Witness B performed a sexual act on McKinnies while on JHA property during working hours in or around 2007 and prior to 2010, while McKinnies was the Senior Vice-President, in violation of the *Employee Handbook, Rules of Conduct*.

³⁴ The OIG notes that immoral or indecent conduct is not defined.

ALLEGATION 2(C)

McKinnies, while in the capacity of CEO/President, provided a job promotion to a JHA employee with whom he had an ongoing consensual sexual relationship.

RECORDS REVIEW

The OIG reviewed various records, including applicable federal statutes, state statutes, and municipal ordinances, JHA policies, and other records, including JHA employee personnel files.

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

The *Standards of Conduct 327, 2. Ethical Standards of Conduct*, states in part, verbatim:

A. General: It is imperative that employees not allow themselves to be placed in positions where conflict of interest might justifiably be suspected...

B. Prohibited Acts: No Jacksonville employee shall...c. Lose complete independence or impartiality in the conduct of the Authority's business;...

JHA Employee Personnel Files

During the investigation, the OIG identified then JHA employee Witness B as the employee referenced in Allegation 2(C) and determined that the promotion was related to a manager position promotion Witness B received in or around May of 2015.

Per a review of JHA personnel records, Witness B was a direct report to McKinnies from September of 2001 through December of 2006. As of January of 2007, Witness B no longer directly reported to McKinnies when Witness B was promoted to a supervisor position.

There was no documentation contained in Witness B's personnel file related to the manager position promotion in 2015.³⁵ The only documentation related to the 2015 promotion was a record of a five-percent completion-of-probation salary increase for the manager position in December of 2015. Per a review of the *Employee Change Notice* dated December 15, 2015, the CEO/President was in the approval path for the completion-of-probation salary increase. McKinnies was the CEO/President at that time, and it appeared the form bears his signature authorizing the completion-of-probation salary increase.

³⁵ Witness B testified that Witness B was promoted to the manager position in or around May of 2015.

McKinnies' HR Investigation File

Within *McKinnies' HR investigation file*, as previously stated, one of the notes dated November 3, 2015, documented a conversation between Brown and the WB regarding an alleged sexual relationship between McKinnies and Witness B and a subsequent job promotion for Witness B as a result of this relationship. Brown's note stated the following verbatim, in part:

... [The WB] stated that there was a sexual relationship with [Witness B] and Fred and that is why he wanted [Witness B] to have the job. I informed [the WB] that Fred did not have any input towards the selection of the position ...

TESTIMONY**Statement of the WB**

Witness B applied and interviewed for a manger position. Per the WB, the interview panel consisted of the following JHA employees: Brown, Gonzalez, and Hoover. Witness B was hired and promoted for the manager position. The WB believed McKinnies and Witness B were "*still together [sexually]*" during this time.

After Witness B's promotion, the WB met with Brown in November of 2015 (refer to the November 3, 2015 note referenced above) to inquire whether Witness B was promoted based on Witness B's qualifications. Brown told the WB that Witness B had "*all of the qualifications*" for the manager position. The WB questioned whether Hoover and Witness B tailored the qualifications for Witness B. Brown told the WB that the former manager created the qualifications for the position prior to leaving JHA.

Statement of Jayne Hoover, former Senior Vice- President of Property Management

In general, JHA's hiring process for employees included an interview panel of up to five JHA employees. Upon selecting candidates for positions, the candidates' salary amount was determined based upon their experience and the salary range for the position. The salary amounts offered to the candidates were usually on the lower end of the salary range for the position. McKinnies had the discretion to give candidates higher or lower salary amounts.

Regarding Witness B being promoted to a manager position in 2015, Hoover recalled the interview panel for this position consisted of herself, Gonzalez, and possibly a former manager. The interview panel interviewed various JHA employees for the manager position, including Witness B. Ultimately, the interview panel unanimously selected Witness B for the manager position based on Witness B's supervisory and departmental experience. Hoover stated McKinnies had no input in hiring Witness B for the manager position and stated that Witness B was hired "*fair and square.*"

Hoover offered Witness B a substantial salary increase for this position because Witness B's

previous salary was very low. However, Witness B did not accept Hoover's original salary offer. Witness B went and discussed a higher salary directly with McKinnies, who chose to give Witness B a salary amount that was higher than Hoover initial's offer.

Hoover stated that she did not have any knowledge that McKinnies and Witness B were involved in a consensual sexual relationship.

Statement of Witness B

In 2015, Witness B applied and was interviewed for a manager position. Per Witness B, the interview panel for this position consisted of Hoover, Gonzalez, and Brown. Upon Witness B being selected for the manager position, Hoover offered Witness B a salary that was \$2,000 less than Witness B anticipated. Based on this, Witness B requested a higher salary from Hoover, which Hoover discussed with McKinnies. Initially, Witness B's salary request was disapproved and then later subsequently approved by McKinnies. As a result, Witness B accepted the manager position at a salary amount higher than Hoover initial's offer.

Witness B admitted that Witness B and McKinnies were in the consensual sexual relationship from approximately 2005 or 2006 until approximately April or May of 2018.

Statement of Bernadette Brown, HR Director, Human Resources Department, JHA

Regarding the note dated November 3, 2015, (refer to page 36) Brown stated the WB alleged McKinnies and Witness B had been in a "sexual relationship." Per Brown, the date of this note was the first time she became aware of this allegation.

Brown stated, "*I've never heard of him being inappropriate or being in any type of relationship with anyone.*" Brown advised she did *not* speak with Witness B regarding the WB's allegation of a "sexual relationship" between McKinnies and Witness B. Brown believed the WB was displeased because Witness B's promotion placed Witness B in a higher position than the WB.

Brown stated the WB and Witness B's friendship ended, "*once [Witness B] got promoted - that's when all the issues started.*" Brown stated, "*None of this came up until [Witness B] got promoted.*"

Further, Brown never witnessed or observed any inappropriate interactions and/or behavior between McKinnies and Witness B based on her minimal observations of the two of them. Brown stated, "*I've never seen any type of evidence that would give me any type of inkling that anything was going on between [McKinnies and Witness B].*"

Statement of Frederick “Fred” McKinnies, CEO/President

In 2015, Witness B was interviewed for a manager position by a panel, which consisted of Brown, Gonzalez, and Hoover. Ultimately, Hoover selected Witness B for this position, which was directly supervised by Hoover.

McKinnies did not recall Witness B asking him for a higher salary for the manager position. McKinnies did not recall overruling Hoover’s initial salary offer and providing Witness B with a higher salary. Per McKinnies, Witness B’s salary “...was based on the previous person in that position and that pay grade.”

SUMMARY OF FINDINGS

Based on the records reviewed and statements, Witness B was selected for a manager position after having been interviewed by a panel. Hoover testified that Witness B was hired based on Witness B’s qualifications. However, Hoover testified McKinnies, as CEO/President, overruled Hoover’s initial salary offer and approved a higher salary for Witness B after Witness B went and spoke to McKinnies. Witness B testified that Witness B’s salary request was disapproved and then subsequently approved by McKinnies. There is no documentation of the actual hiring date and salary justification contained in Witness B’s personnel file.

McKinnies did not recall Witness B asking him for a higher salary for the manager position or overruling Hoover’s initial offer.

At the time of the promotion and salary in question, McKinnies was the CEO/President. Based on testimony, both McKinnies and Witness B were involved in an ongoing consensual sexual relationship at the time of Witness B’s promotion to the manager position.

CONCLUSION

In regards to Allegation 2(C), the investigation concluded that Witness B was interviewed and hired by an interview panel and that CEO/President McKinnies did not personally provide a job promotion to Witness B. Therefore, this allegation was *unsubstantiated*.

However, based on the sworn testimony of Hoover, former Vice-President of Property Management, the investigation *substantiated* that McKinnies, while in the capacity of CEO/President, approved a salary for Witness B that was higher than what was initially offered by the former Senior VP of Property Management. The investigation *substantiated* that McKinnies was in a consensual sexual relationship with Witness B at the time Witness B was promoted and salary discussions occurred.

ALLEGATION 3: CONFLICT OF INTEREST AND PROHIBITED RECEIPT OF GIFTS

McKinnies was alleged to have: 3(A) requested and paid JHA employees and JHA vendors to complete home improvement services at his residence, prior to and after becoming the CEO/President; 3(B) requested and/or paid JHA employees and JHA vendors to complete home improvement services at a JHA employee's residence with whom he had a consensual sexual relationship, while employed with JHA; and 3(C) received gifts (professional golf tournament tickets) from a JHA vendor and subsequently provided the gifts to multiple JHA employees, including those with whom he had consensual sexual relationships, prior to and after becoming the CEO/President.

GOVERNING DIRECTIVES**Florida Statutes*****Chapter 112, Public Officers and Employees: General Provisions***

- §112.313 (6), *Misuse of Position*

City of Jacksonville Ordinance Code***Chapter 602, Jacksonville Ethics Code***

- §602.201, *Definitions*
- §602.401, *Misuse of position, information, etc. (effective prior to December 11, 2018)*
- §602.701(a)(3)(b), *Prohibited receipt of gifts*
- §602.702, *Prohibited offering of gifts*
- §602.703(a), *Receipt or charge of commissions or gifts for official transactions*

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

- *Standards of Conduct 327*
- *Outside Employment 335*
- *Employee Handbook,*
 - *Standards of Conduct*
 - *Rules of Conduct*
 - *Outside Employment*

ALLEGATION 3(A)

McKinnies requested and paid JHA employees and JHA vendors to complete home improvement services at his residence, prior to and after becoming the CEO/President.

RECORDS REVIEW

The OIG reviewed various records, including applicable state statutes and municipal ordinances, COJ policies, procedures, and other records, including JHA records.

City of Jacksonville Ordinance Code

As part of the record review, the OIG reviewed Chapter 602, *Jacksonville Ethics Code*, relating to conflicts of interest. The OIG was unable to locate any sections in the *Ordinance Code* that specifically addressed conflicts of interest (real or perceived) based upon personal relationships (present or past) of an officer or employee of an independent agency with individuals doing business with JHA.

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

The JHA *Standards of Conduct 327, 2. Ethical Standards of Conduct, B. Prohibited Acts*, stated the following verbatim, in part:

4. No employee shall offer, give or cause to be given, or promise to, or ask, demand, solicit, accept, receive or agree to receive from any other Authority employee or member, or any other person, any gift, favor, loan, service or other thing of value which might reasonably tend to improperly influence the discharge of the official duties of that employee.

This verbiage also appears in the JHA *Employee Handbook, Standards of Conduct, 1(g)*.

JHA *Outside Employment 335*, specified the following verbatim, in part:

The employee's second job must not constitute a conflict of interest or give the appearance of a conflict of interest...The President of JHA will be the sole judge as to whether a potential conflict exists...

The *Employee Handbook, Outside Employment* section specified verbatim, in part:

If you choose to have an additional part-time job, you must provide written notice to the Director, Human Resources, and it must not interfere with the responsibilities of your position at JHA.

COJ Office of General Counsel Records

Per a review of the *Telecommunication* (referenced above on page 26), one former JHA employee was questioned, in part, about his/her knowledge related to performing home improvement services at McKinnies' residence. The document contained the following verbatim, in part:

Then asked about McKinney [sic]...do any personal work for McKinney [sic]? Ans. Yes – 2003 – McKinney [sic] asked if someone could draw up plans for his home remodeling – did it – got paid about \$300.00 – no favors – your father pull the permits for McKinney’s [sic] job? Yes; but Fred did his own general contracting...

COJ Planning and Development Department, Building Inspection Division Records

Based on the above-referenced document, the OIG reviewed COJ Building Inspection Division records. A review of COJ Planning and Development Department, Building Inspection Division records disclosed a *Certificate of Completion* dated July 30, 2004, Building Permit #B-03-20699.000, for a residential single-family addition at McKinnies’ residence. Per a review of the certificate, the general contractor associated with the remodel was the father of a former JHA Construction Project Manager employee. The OIG was unable to contact the former JHA employee to verify whether McKinnies asked the employee to “draw up plans for his home remodeling.”

TESTIMONY

Statement of Ronnie Ferguson, former CEO/President

Ferguson stated he had firsthand knowledge that a former Construction Project Manager³⁶ drew home remodel plans for McKinnies’ residence. Sometime prior to 2005, Ferguson recalled that because of this situation, a conversation occurred regarding JHA employees using other JHA employees and/or JHA vendors for home improvement services. Ferguson could not recall whether this conversation occurred during a JHA Board meeting or was between Ferguson and a former JHA Board Chair.

Ferguson believed the JHA Board adopted a policy where JHA employees “probably shouldn’t do that,” referring to the use of JHA employees or JHA vendors for home improvement services. Ferguson believed it was determined that JHA employees using other JHA employees and/or JHA vendors was “probably not a good thing to do.”³⁷

Statement of Witness V-2

Witness V-2 had been a JHA vendor for approximately 20 years. As a JHA vendor, Witness V-2 performed unpermitted construction services at various JHA properties.

Witness V-2 completed the following home improvement services for McKinnies at his residence, from the time McKinnies was the Senior Vice-President³⁸ through November of 2018:

³⁶ This is the same individual referenced above in the Office of General Counsel *Telecommunication*.

³⁷ The OIG was unable to identify a specific internal JHA policy related to this prohibition.

³⁸ Per JHA records, McKinnies became the Senior Vice-President in May of 2004.

Lawn maintenance services, which consisted of cutting grass (2 1/2 acres) using McKinnies' tractor, approximately twice a month at a cost of \$50 (labor cost) per job; painting services on approximately four occasions at a cost of more than \$50 per job; and pressure washing services on approximately three occasions at a cost of \$75 per job.

McKinnies asked Witness V-2 to complete the home improvement services whenever Witness V-2 was at the JHA Main Office. Occasionally, Witness V-2 asked McKinnies if he needed any home improvement services completed.

Witness V-2 and McKinnies entered into a verbal contract for the home improvement services. McKinnies or McKinnies' wife paid Witness V-2 via check or cash.

Statement of Witness V-3

Witness V-3 had been a JHA vendor for approximately 15 or 16 years. As a JHA vendor, Witness V-3 performed construction services at various JHA properties.

Witness V-3 completed the following home improvement services for McKinnies at his residence: In 2007 or 2008, a chimney repair for a cost of \$700; in 2009, the placement of a concrete pad for a cost of \$1,100; in 2011, sidewalk repair at a cost of \$600 or \$650; in 2014 or 2015, sidewalk placement at a cost of \$800 to \$850; and in 2018, insulation debris removal at a cost of \$400 to \$450.

McKinnies asked Witness V-3 to complete the home improvement services whenever Witness V-3 visited the JHA Main Office. Witness V-3 and McKinnies entered into a verbal contract for the home improvement services, and McKinnies paid by check.

Statement of Witness S

Witness S had been a JHA employee for 21 years. Witness S's job duties included overseeing JHA vendors hired by JHA. Witness S completed various home improvement services for McKinnies at his residence.

Between 1998 through 2001, Witness S completed irrigation services at McKinnies' residence at a cost of approximately \$100 (cost of labor). McKinnies inquired about irrigation services while Witness S was at the JHA Main Office on a workday during work hours (between 8 a.m. to 5 p.m.). Witness S advised that McKinnies bought the parts associated with the irrigation services.

Between 2001 through 2006, Witness S changed a house pump at a cost of \$40 or \$50 (cost of labor). Between 2016 through 2019, Witness S changed a pool pump at a cost of \$60 or \$80 (cost of labor). Witness S advised that McKinnies bought the parts associated with the repairs.

Witness S and McKinnies entered into a verbal contract for the home improvement services. Witness S stated, “I’ve known him since he was a regular guy like me.” Witness S advised that this secondary employment was not approved by JHA.

Statement of Witness AA

Witness AA had been a JHA employee for 15 years. Witness AA’s job duties included completing work orders, conducting inventory, interacting with JHA vendors, and supervising JHA employees.

In 2016 or 2017, McKinnies inquired if Witness AA could complete irrigation services at his residence. Witness AA recalled this inquiry occurred on a workday during work hours (between 8 a.m. to 5 p.m.) at the JHA Main Office. Witness AA did not complete the irrigation services for McKinnies.

Statement of Bernadette Brown, HR Director, Human Resources Department

Brown stated that she thought it would be appropriate for employees to have other employees or vendors perform home improvement services at their residence. Brown further stated it would not be a conflict of interest if an employee requested home improvement services from a JHA vendor, as long as the employee’s duties did not include procurement.

She advised the *Employee Handbook* required employees to report their secondary employment; however, she stated JHA did not have a secondary employment policy.³⁹

Statement of Frederick “Fred” McKinnies, CEO/President

According to McKinnies, there were no written policies within JHA that prohibited JHA employees from utilizing JHA vendors. McKinnies stated a lot of JHA employees utilized JHA tradesmen (e.g. JHA employees and vendors) to complete work after business hours.

McKinnies believed it was not a conflict of interest for JHA employees (including himself) to utilize JHA vendors if the JHA employees had no role in the procurement process. Since McKinnies (as the CEO/President) was not involved in the procurement procedures, he stated “there is nothing that prohibits...me from...having the same service with vendors that we use at the Jacksonville Housing Authority.”

McKinnies advised that JHA employees and JHA vendors had completed home improvement services at his residence in the past.

³⁹ The JHA *Employee Handbook, Outside Employment*, referenced above requires employees to provide notification of any additional part-time job to the HR Director.

McKinnies hired Witness S (a JHA employee) for plumbing services at his residence “*a couple times during the years*” (specific date not specified). He believed Witness S may have repaired “*a toilet, a sink or something, a pump*” based on a verbal contract (type of payment not specified). However, McKinnies was unaware if he hired Witness S directly or Witness S’s personal business for the plumbing services. McKinnies used another JHA employee for miscellaneous improvement about 15 years ago.

McKinnies hired Witness V-2 (a JHA vendor), for lawn maintenance and painting services at his residence “*over the years... up to a year or so ago.*” In addition, he also hired Witness V-3 (a JHA vendor), for “*small concrete work*” at his residence about “*a year, two years ago.*”

Per McKinnies, the above referenced services were never performed during business hours or when the individuals were supposed to be completing tasks for JHA. McKinnies paid the above referenced individuals via check or cash.

SUMMARY OF FINDINGS

Based on sworn testimony, the OIG determined McKinnies requested and paid at least two JHA employees and two JHA vendors to complete various home improvement services at his residence. The home improvement services were completed from approximately 1998 through November of 2018, which was prior to and after McKinnies became CEO/President. The home improvement services ranged between \$40 through \$1,100 per job. The investigation did not find that individuals felt compelled to perform work for McKinnies due to his position.

Ferguson, the former CEO/President, believed sometime prior to 2005 the JHA Board adopted a policy whereby JHA employees “*probably shouldn’t*” use JHA employees or JHA vendors for home improvement services. However, the OIG could not identify or locate an internal policy that addressed this prohibition.

Brown stated that per the *Employee Handbook*, employees were required to report their secondary employment; however, JHA did not have a secondary employment policy. However, the investigation determined that JHA has a policy, specifically *Outside Employment 335*, which has not been updated since 2001 and lacks an accompanying reporting and approval form.

CONCLUSION

In regards to Allegation 3(A), the investigation *substantiated* through testimony, including McKinnies’ own admission, McKinnies, prior to and after becoming the CEO/President, requested and paid JHA employees and JHA vendors to complete home improvement services at his residence. However, the investigation did *not substantiate* that McKinnies’ requests and payment for services violated JHA’s *Standards of Conduct 327*. However, the investigation determined this standard practice had not been updated since November of 2001.

The investigation also concluded that the JHA *Employee Handbook* required employees to report secondary employment and determined that JHA has a written policy, specifically ***Outside Employment 335***, which has not been updated since 2001 and does not include a reporting or approval procedure.

ALLEGATION 3(B)

McKinnies requested and/or paid JHA employees and JHA vendors to complete home improvement services at a JHA employee's residence with whom he had a consensual sexual relationship, while employed with JHA.

RECORDS REVIEW

The OIG reviewed various records, including applicable state statutes and municipal ordinances, COJ policies, procedures, and other records, including JHA records.

City of Jacksonville Ordinance Code

Chapter 602, Jacksonville Ethics Code

§602.401(a), *Misuse of position, information, etc. (effective prior to December 11, 2018)*, stated:

It is a violation of this Chapter for an officer or employee of the City or an independent agency to intentionally use his or her official position to secure, by coercion or threat, a special privilege or exemption for himself, herself or others, or to secure confidential information for any purpose other than official responsibilities.

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

JHA *Standards of Conduct 327*, (effective August 14, 1995 and revised November 14, 2001), 2. *Ethical Standards of Conduct, B. Prohibited Acts*, stated the following:

4. No employee shall offer, give or cause to be given, or promise to, or ask, demand, solicit, accept, receive or agree to receive from any other Authority employee or member, or any other person, any gift, favor, loan, service or other thing of value which might reasonably tend to improperly influence the discharge of the official duties of that employee.

This verbiage also appears in the JHA *Employee Handbook, Standards of Conduct, 1(g)*.

TESTIMONY

Statement of the WB

The WB stated McKinnies provided the WB with money and/or directly paid for home improvement services completed at the WB's residence.

In 2003 or 2004, per McKinnies' request, Witness V-2 painted the interior walls of the WB's residence. McKinnies told the WB he would pay Witness V-2 for the cost of painting services (cost not specified). The WB did not pay Witness V-2 for the painting services.

In 2003 or 2004, McKinnies gave the WB \$300 (cash) towards the installation of ceramic tile floor at the WB's residence, which was completed by either a non-JHA employee or a JHA vendor. The WB "*never asked [McKinnies] for any money.*" According to the WB McKinnies, "*would tell [the WB] to get an estimate.*"

At some point (date not specified), McKinnies provided the WB with the name of Witness AA, regarding irrigation services. Witness AA completed irrigation services at the WB's residence. The WB paid Witness AA for the cost of the irrigation services (cost not specified).

McKinnies also provided the WB with a name of a JHA employee (JHA employee's name not specified and timeframe unknown) who could complete air conditioning services at the WB's residence. The JHA employee completed the air conditioning services, which the WB paid for, at the WB's residence.

Statement of Witness V-2

Witness V-2 (JHA vendor) recalled completing painting services at the WB's residence in 2011, per McKinnies' request.⁴⁰ On the Friday following McKinnies' request, Witness V-2 went to the WB's residence to view the area that needed to be painted. During Witness V-2's visit, both the WB and McKinnies were present. Witness V-2 began the painting services on Saturday. Witness V-2 recalled McKinnies came to the WB's residence and instructed Witness V-2 how to complete the painting services.

McKinnies paid \$300 (cost of labor and materials) to Witness V-2 via check after the painting was completed. According to Witness V-2, McKinnies did not want the WB observing McKinnies giving the check to Witness V-2.

Statement of Witness AA

Witness AA (JHA employee) completed irrigation services at the WB's residence sometime between 2013 and 2015, per the WB's request. Within three or four days of the WB's request,

⁴⁰ The OIG notes that the dates presented by the WB and Witness V-2 are conflicting.

McKinnies followed up with Witness AA to ensure that Witness AA was going to complete the irrigation services at the WB's residence by stating "*go out there and take care of that for [the WB].*" This conversation occurred on a workday during work hours (between 8 a.m. to 5 p.m.) at the JHA Main Office. Witness AA stated, "*I don't know how [McKinnies] got into it,*" referring to getting involved, because "*the WB had already mentioned it to me.*"

Per Witness AA, it took two days to complete the irrigation services for the WB, and it was completed on a Saturday and Sunday. On Saturday, Witness AA recalled seeing McKinnies arrive in the driveway of the WB's residence while Witness AA was performing the irrigation services. Witness AA believed McKinnies did not exit his vehicle. When Witness AA turned back around, McKinnies had left the WB's driveway. Witness AA believed McKinnies left because Witness AA had seen him in the WB's driveway.

Statement of Frederick "Fred" McKinnies, CEO/President

McKinnies stated, "*I may have, I just don't recall,*" when asked if he had ever requested and/or paid a JHA employee or a JHA vendor to complete any home improvement services at the WB's residence. However, he recalled recommending a JHA employee to the WB that could complete air conditioning services at the WB's residence.

When McKinnies was asked if he had ever requested and/or paid Witness V-2 (a JHA vendor) to complete any home improvement services at the WB's residence, McKinnies stated, "*I may have, I don't recall it ...*"

When McKinnies was asked if he had ever requested Witness AA (a JHA employee) to complete any home improvement services at the WB's residence, McKinnies stated, "*I don't know if I intervened and asked something [the WB] should've asked.*"

SUMMARY OF FINDINGS

Based on testimony, McKinnies paid Witness V-2 (JHA vendor) to complete painting services at the WB's residence. Although the testimony conflicts on dates of service, both the WB and Witness V-2 testified that McKinnies paid for the service. Based on the WB's testimony, the painting services occurred during the consensual relationship. McKinnies could not recall paying for home improvement services for the WB; however, he recalled that he recommended a JHA employee to the WB for air conditioning services.

In addition, McKinnies recommended and followed up with Witness AA (a JHA employee) to ensure that the services at the WB's were completed. Witness AA testified that McKinnies told the JHA employee "*go out there and take care of that for [the WB].*" Based on this testimony, the JHA employee was acting at the direction of McKinnies to perform non-work-related duties. At the time this occurred, McKinnies was either in the position of Senior Vice-President or CEO/President.

CONCLUSION

In regards to Allegation 3(B), the investigation *substantiated* through testimony that McKinnies requested and/or paid JHA employees and JHA vendors to complete home improvement services at the residence of the WB, with whom he had a consensual relationship, while he was employed with JHA.

Based on testimony of a JHA employee (Witness AA), McKinnies appeared to have violated §602.401, *Misuse of position, information, etc. (effective prior to December 11, 2018)* by directing the employee to perform non-work-related duties at the WB's residence.

However, the investigation did *not substantiate* that McKinnies' requests and payment for services violated JHA's *Standard Practice 327*.

ALLEGATION 3(C)

McKinnies received gifts (professional golf tournament tickets) from a JHA vendor and subsequently provided the gifts to multiple JHA employees, including those with whom he had consensual sexual relationships, prior to and after becoming the CEO/President.

RECORDS REVIEW

The OIG reviewed various records, including applicable state statutes and municipal ordinances, COJ policies, procedures, and other records, including JHA employee e-mails.

City of Jacksonville Ordinance Code

As part of the record review, the OIG reviewed Chapter 602, *Jacksonville Ethics Code*, relating to gifts and conflicts of interest. The OIG found that the *Ordinance Code* defines a "Gift," in part, as the following:

(1) Gift means that which is accepted by a donee or by another on the donee's behalf, or that which is paid or given to another for or on behalf of a donee, directly, indirectly, or in trust for his or her benefit or by any other means, for which equal or greater consideration is not given. Among other things, a gift may be:...(x) Entrance fees, admission fees, or tickets to events, performance or facilities...

Additionally, §602.701, *Prohibited receipt of gifts*, states in part, "(a) No officer or employee of ...of an independent agency... shall knowingly accept, directly or indirectly, any one gift with a value greater than \$100 or an accumulation of gifts in any one calendar year that exceeds \$250 from any person or business entity that the recipient knows is ... (3) A person or business entity which is doing business with ... an agency of which he or she is an officer or employee."

In addition, §602.701, *Prohibited receipt of gifts*, states in part, “(b) No officer or employee of ...of an independent agency... shall knowingly accept, directly or indirectly, any one gift with a value greater than \$100 or an accumulation of gifts in any one calendar year that exceeds \$250 from any person or business entity, when the gift is given as a result of the officer or employee’s official position, or as a result of the business relationship developed as a result of the officer or employee’s position or employment...”

The OIG was unable to locate any sections in the *Ordinance Code* that specifically address conflicts of interest (real or perceived) based upon personal relationships (present or past) between an officer or employee of an independent agency and individuals doing business with JHA.

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

According to JHA *Standards of Conduct 327*, Revised November 14, 2001, 2. *Ethical Standards of Conduct*, B. *Prohibited Acts*, stated the following:

4. *No employee shall offer, give or cause to be given, or promise to, or ask, demand, solicit, accept, received or agree to receive from any other Authority employee or member, or any other person, any gift, favor, loan, service or other thing of value which might reasonably tend to improperly influence the discharge of the official duties of that employee.*

As previously noted, this verbiage also appears in the JHA *Employee Handbook, Standards of Conduct, 1(g)*.

Additionally, the OIG found the following verbiage in the JHA *Employee Handbook, Rules of Conduct* section: “... examples of violations of work rules for which an employee can expect to be disciplined up to and including discharge:... 11. *Accepting gifts or tips from tenants or vendors.*”

The OIG reviewed JHA policies to determine if there was an internal policy and/or procedure regarding the reporting of gifts. With the exception of *Standard Practice, Subject: Retirement Gifts*, effective September 19, 1997, with a revised date of November 14, 2001, there is no policy providing JHA employees guidance related to the receipt and/or reporting of gifts.

Review of McKinnies’ JHA E-mail Account

During the OIG investigation, the OIG reviewed McKinnies’ JHA e-mail account for calendar years 2013 through 2018. Among the various e-mails, the OIG identified several e-mails related to golf outings. Of note, McKinnies corresponded (sent and/or received e-mails) with one JHA vendor during 2015 through 2017, while in the capacity of CEO/President. These e-mails contained topics and/or attachments related to the following events: a professional golf

tournament, held annually in Ponte Vedra, Florida, (2015 and 2017) and a non-profit annual golf classic, held in Jacksonville, Florida (2016 and 2017).

Per a review of the e-mails, McKinnies confirmed his attendance and/or requested tickets for the above-mentioned golf events using his JHA e-mail account.

TESTIMONY

Statement of the WB

The WB recalled McKinnies received tickets annually every May from a JHA vendor (who the OIG has identified as Witness V-1) to a professional golf tournament (a four-day event). The tickets consisted of entry into the professional golf tournament, food, and beverages.

McKinnies provided the tickets to both the WB and Witness B a day prior to the start of the tournament on several occasions. The WB and Witness B used the tickets and attended the tournaments held in May on several occasions (on the weekends).

McKinnies volunteered at the professional golf tournament on numerous occasions. The WB and Witness B met up with McKinnies at the tournament. The WB believed that both the WB and Witness B attended the professional golf tournament sometime prior to and after 2007, using the tickets provided by McKinnies. During at least one tournament, McKinnies provided tickets to the WB, Witness B, and Witness B's friend (a former JHA employee).

Statement of Witness B

Witness B stated McKinnies provided Witness B with professional golf tournament tickets on an annual basis. Witness B estimated Witness B attended the tournament with McKinnies on four or five occasions, while Witness B reported directly to McKinnies back in 2001, until Witness B was promoted to the manager's position in 2015. In addition, Witness B, Witness B's friend (a former JHA employee), and the WB attended the tournament with McKinnies on several occasions over a few years (dates not specified).

Statement of Ronnie Ferguson, former CEO/President

Ferguson advised JHA employees were bound by the *Ordinance Code*, and both federal and state laws, specifically related to accepting gifts. Per Ferguson, JHA employees were not allowed to accept gifts valued at more than \$100. Ferguson did not have any firsthand knowledge that any JHA employees received tickets to the professional golf tournament from a JHA vendor. However, he was aware that McKinnies used his leave and attended the professional golf tournament as a volunteer.

Statement of Witness V-1

Witness V-1 had been employed with a private company since 2012. Witness V-1's employer had contracted with JHA as a vendor for approximately eight years, providing JHA with information technology services.

Per Witness V-1, Witness V-1's employer offered all clients, including JHA, tickets (at no charge) to a professional golf tournament on an annual basis, as a form of customer appreciation. Further, Witness V-1 stated the tickets allowed the vendor's clients to gain entry to the company's "customer appreciation events," which consisted of entry to the tournament and access to food and drinks from the vendor's air-conditioned trailer (chalet). Witness V-1 explained clients requested as many tickets as they wanted.

Since 2013, and through 2017, Witness V-1 provided McKinnies between two to four tickets per year. Witness V-1 advised that in addition to McKinnies, he provided Hoover and the Director of Information Technology (ITD Director) with tickets from 2012 through 2017. Generally, he contacted the ITD Director and offered the ITD Director the tickets for McKinnies, Hoover, and the ITD Director. Witness V-1 estimated the tickets were valued at \$350 per ticket.

Statement of Bernadette Brown, HR Director, Human Resources Department

In addition to being the HR Director, Brown also served as the JHA Ethics Officer. As the Ethics Officer, she attended ethics officer meetings, which were held by the Director of the Office of Ethics, Compliance, and Oversight, City of Jacksonville. During these meetings, they discussed topics related to identifying unethical behaviors and ensuring employees were reporting gifts that exceed \$25. Brown stated as the JHA Ethics Officer, "I really have not been in a real active role."

Brown advised JHA was "trying" to adhere to the COJ's *Ordinance Code*, specifically related to gifts. She believed employees were not receiving gifts that exceed \$25, as she only had knowledge that employees received food (e.g. donuts).

Brown stated it was not appropriate for employees to receive gifts from JHA vendors and that she had no knowledge of this occurring within JHA. If she had been made aware of an employee receiving gifts from a JHA vendor, she stated she would have told them "they can't do that and I would have them fill out the necessary paperwork... to forward to the City ..." Further, she advised JHA did not have a gift registry.

Statement of Frederick "Fred" McKinnies, CEO/President

McKinnies confirmed that a JHA vendor gave clients, including JHA, tickets (value of tickets unknown) to professional golf tournaments held in Ponte Vedra. The JHA vendor provided these tickets to the ITD Director, who then disbursed tickets to both Hoover and McKinnies. Additionally, he believed the JHA vendor might have also e-mailed him directly to inquire

whether he wanted tickets. He estimated he received two or three tickets annually for three or four years (dates not specified).

McKinnies stated, “*I didn’t need [tickets] personally, I’m a seventeen, eighteen year volunteer, I have my own credentials when I go....*” However, he stated he had stopped by the JHA vendor’s “clubhouse” when he attended the professional golf tournament using his volunteer credentials.

He provided the tickets to “*people who asked for them*” including Hoover, the WB, and Witness B. Additionally, he stated he also received tickets from COJ during the Peyton Administration and from City Council. Per McKinnies, it was common practice throughout the COJ for companies to give their clients tickets.

McKinnies reviewed §602.201, *Ordinance Code, Definitions*, and §602.701 of the *Ordinance Code, Prohibited receipt of gifts*. McKinnies stated he was not familiar with §602.201, *Ordinance Code*, which defined the term “*gifts*” and §602.701 of the *Ordinance Code, Prohibited receipt of gifts*, and stated he became aware of these sections of the *Ordinance Code* a few weeks prior to being interviewed by the OIG through viewing the *Ordinance Code* online. Based on McKinnies’ review, he stated these sections of the *Ordinance Code* were applicable to JHA employees.

He stated there was no standard process for reporting the receipt of gifts within JHA. He believed any gifts received by a JHA employee should be reported to HR. However, JHA employees were not required to report gifts received, unless the gifts were valued over \$100.00.

According to McKinnies, JHA had not adhered to the *Ordinance Code* (except for sections directly related to JHA) since JHA became an independent authority. JHA employees had been trained on the JHA policies, HUD regulations, and the *Ordinance Code* sections directly related to the JHA. He stated he had never received any ethics training from COJ.

McKinnies stated that the *JHA Employee Handbook* was applicable to all JHA employees, including the CEO/President.

SUMMARY OF FINDINGS

Based on sworn testimony, McKinnies, and/or other JHA officials (Hoover and the ITD Director) received tickets to a professional golf tournament held annually in Ponte Vedra from a JHA vendor, over several years from 2012 through 2017. Witness V-1 testified that each ticket was estimated to be \$350⁴¹ in value. The WB and Witness B both testified that McKinnies provided tickets to them on several occasions to attend the professional golf tournament.

McKinnies advised that he was not aware of §602.201, *Ordinance Code*, which defined the term “*gifts*” and §602.701, *Ordinance Code, Prohibited receipt of gifts*. He stated there was no

⁴¹ Witness V-1 vendor testified the value of the tickets was estimated and Witness V-1 could not provide records relating to the value.

standard process for reporting the receipt of gifts within JHA. McKinnies believed that JHA employees were not required to report gifts received, unless the gifts were valued over \$100.00. McKinnies stated he had never received any ethics training from COJ.

McKinnies stated that the JHA *Employee Handbook* was applicable to all JHA employees, including the CEO/President. Per a review of the JHA *Employee Handbook, Rules of Conduct* section, the acceptance of gifts from vendors is prohibited, specifically, “...11. *Accepting gifts or tips from tenants or vendors.*” McKinnies contended that he provided tickets to other people, as he did not need them because he volunteered at the tournament.

The investigation disclosed that Brown serves as the Ethics Officer; however, Brown stated she is not actively serving in that role. Brown was not aware of any JHA employees receiving gifts (other than food). In addition, the investigation determined that JHA does not have a policy providing JHA employees with guidance related to the receipt and/or reporting of gifts. The investigation also determined that JHA does not maintain a gift registry.

CONCLUSION

In regards to Allegation 3(C), the investigation *substantiated* that McKinnies and other JHA officials accepted professional golf tournament tickets from a JHA vendor from at least 2012 through 2017. McKinnies provided the tickets he received to the WB and Witness B, with whom he had consensual relationships, and to other JHA employees.

Based on testimony, McKinnies and the other JHA officials (Hoover and the ITD Director) who accepted these tickets were in violation of §602.701, *Ordinance Code, Prohibited receipt of gifts*, because the value of each ticket was in excess of \$100. In addition, McKinnies and the other JHA officials (Hoover and the ITD Director) were also in violation of JHA’s *Employee Handbook, Rules of Conduct*, which prohibits the receipt of gifts from vendors.

ALLEGATION 4: JHA INTERNAL POLICY

McKinnies was alleged to have had knowledge of and participated in an “office lottery pool” during the course of his tenure with JHA, dating back to 2013, prior to and after becoming the CEO/President.

GOVERNING DIRECTIVES

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

- *Employee Handbook, Rules of Conduct*

RECORDS REVIEW

The OIG reviewed various records, including applicable federal statutes, state statutes, and municipal ordinances, JHA policies, and other records, including the JHA *Employee Handbook*.

JHA Employee Handbook

The JHA *Employee Handbook, Rules of Conduct*, stated the following in part:

All employees are expected to conduct themselves within the accepted customs of good taste and to use good judgment. The following list is not all inclusive, but merely represents examples of violations of work rules for which an employee can expect to be disciplined up to and including discharge...;

24. Gambling, lottery, or any other game of chance on the Authority's property.

Office Lottery Pool Records

During the investigation, the OIG obtained and reviewed an undated checklist form (checklist), which appeared to be an altered JHA internal document used for client residency. This checklist contained names of several JHA employees who participated in the office lottery pool. Of note, the managers of the lottery pool (lottery pool managers) documented any monies received from participants of the lottery pool (lottery pool participants) using the checklist. Per review of the checklist, eleven JHA employees, including McKinnies, were lottery pool participants.

TESTIMONY

Statement of Witness X

Witness X had been employed with JHA since 1996. Witness X's job duties included completing clerical tasks, which consisted of answering phones, updating JHA employees' calendars, and providing notary services to clients.

Per Witness X, there had been an office lottery pool for the Florida Power Ball at the JHA Main Office from approximately 2013 through 2017. In order to participate in the lottery pool, each JHA employee signed a contract.⁴² Per Witness X, the contract (rules) reflected the lottery pool's terms and conditions, which included the methods of payment (e. g. cash), payment dates, and discontinuation of participation procedures. The rules for the lottery pool stipulated all winnings were to be shared among the lottery pool participants.

⁴² The OIG attempted to obtain the contract related to the lottery pool, but none could be located by Witness X.

Initially, when the lottery pool began in approximately 2013, it was overseen by Witness F, the “*lottery pool manager*.” According to Witness X, while Witness F was the lottery pool manager, Witness F ensured the lottery pool participants signed the contracts, collected the money (cash), and purchased the Florida Power Ball tickets on a weekly basis for the lottery pool participants. The lottery pool participants gave the lottery pool manager approximately \$4 cash per week towards the purchase of Florida Power Ball tickets. Witness X estimated between 25 to 30 JHA employees participated in the lottery pool around 2013.

In 2013, Witness X became the new lottery pool manager and maintained this position until 2017. As lottery pool manager, Witness X completed the same tasks as the prior lottery pool manager. Witness X also used a new contract template for the lottery pool participants. While Witness X was the lottery pool manager, Witness X estimated 13 JHA employees, including McKinnies, participated in the lottery pool. Witness X believed some of these same JHA employees may have also participated in 2013, when it was overseen by Witness F.

Statement of Witness F

Witness F had been employed at JHA for 37 years. Per Witness F, there had been a lottery pool for the Florida Power Ball at the JHA Main Office in 2017, which operated longer than six months. The lottery pool was created because Witness F regularly played the lottery outside of JHA and occasionally won; therefore, other JHA employees wanted Witness F to play on their behalf. The rules for the lottery pool participants stipulated all winnings were to be shared amongst the lottery pool participants.

Initially, Witness F began collecting \$4 (cash) once a week from lottery pool participants in 2017. Typically, the lottery pool participants provided Witness F with their money via envelope during work hours at the JHA Main Office. Occasionally, the lottery pool participants provided their money to Witness X, which would be given to Witness F. Either Witness F or Witness X purchased the Florida Power Ball tickets, which Witness F recalled purchasing outside of Witness F’s work hours.

According to Witness F, there was not a contract that JHA employees were required to sign in order to participate in the lottery pool. However, there was a checklist⁴³ that was used to confirm when specific JHA employees paid their money. Per Witness F, several JHA employees, including McKinnies, participated in the lottery pool during its operation.

Statement of Witness E

Witness E had been employed at JHA since 2015. Per Witness E, there had been a lottery pool for the Florida Power Ball at the JHA Main Office from 2016 through 2017. Witness E estimated that between eight to nine employees participated in the lottery pool. Witness E did not recall if McKinnies participated in the lottery pool. However, Witness E recalled McKinnies

⁴³ Witness F provided the “checklist” noted under the *Office Lottery Pool Records* section on page 54.

was present when Witness E provided money to Witness X on three or four different occasions at the JHA Main Office during work hours. Based on this, Witness E believed McKinnies was aware of the lottery pool.

Statement of Bernadette Brown, HR Director, Human Resources Department

When Brown was asked if it was appropriate for employees to operate a lottery pool during working hours at JHA, she stated, “*I would think it was inappropriate.*” Brown stated she had no knowledge of this occurring within JHA, possibly because of her office being located outside of the JHA Main Office.

Statement of Roslyn Mixon-Phillips, Chair, Board of Commissioners

When Mixon-Phillips was asked about her thoughts regarding a lottery pool operating at JHA, she stated, “*That’s inappropriate in the workplace.*”

Statement of Ronnie Ferguson, former CEO/President

Ferguson stated he did not have firsthand knowledge of a lottery pool operating at JHA, nor was he ever asked to participate. Ferguson did not believe that one or two employees purchasing lottery tickets together was an organized activity (i.e. lottery pool).

Statement of Frederick “Fred” McKinnies, CEO/President

McKinnies stated he had knowledge of and participated in the office lottery pool. He elaborated by stating the lottery pool participation was voluntary. The lottery pool participants picked the numbers that were used to play the lottery on a weekly basis. The lottery pool participants provided either \$2 or \$3 to Witness X on a weekly basis.

McKinnies believed the lottery pool started either before Ferguson retired or when McKinnies was promoted to CEO/President. Further, he believed the lottery pool ended between a year-and-a-half to two years before the date of this interview.

McKinnies did not believe the lottery pool was a form of gambling as outlined in the *Employee Handbook*, but rather that it was a form of money pooling. He explained money pooling for things such as the lottery or sporting events was a common practice within the workplace. He elaborated by stating JHA conducted money pooling for events including weddings, anniversaries, funerals, and the United Way.

SUMMARY OF FINDINGS

The investigation determined McKinnies had knowledge of and participated in the office lottery pool sometime during 2013 through 2017, while in the capacity of CEO/President. The lottery pool participants provided money weekly during work hours to a JHA employee who served as

the “*lottery pool manager.*” The lottery pool participants had to abide by a set of rules in order to participate.

CONCLUSION

In regards to allegation 4(A), the investigation *substantiated* through testimony and records, including McKinnies’ own admission, the allegation that McKinnies, while in the capacity as CEO/President, had knowledge of and participated in an office lottery pool sometime during 2013 through 2017.

Based on a review of the JHA *Employee Handbook, Rules of Conduct, 24. Gambling, lottery, or any other game of chance on the Authority’s property* it is unclear if the “*pooling of money*” on JHA property for the purpose of purchasing Florida Powerball tickets violated the policy as written, or if the “*pooling of money*” violated the “*intent*” of the policy as written.

ALLEGATION 5: IMPROPER SALARY INCREASE

CEO/President McKinnies received an improper salary increase in 2015 from the former Chair of the JHA Board as a result of an alleged consensual sexual relationship.

GOVERNING DIRECTIVES

City of Jacksonville Ordinance Code

Chapter 602, Jacksonville Ethics Code

- §602.401(a), *Misuse of position, information, etc.*

Jacksonville Housing Authority Policies, Procedures, and Other Related Documents

- *Standards of Conduct 327*
- *JHA Bylaws*
- *JHA Board Meeting Minutes*

RECORDS REVIEW

The OIG reviewed various records, including applicable municipal ordinances, JHA policies, and other records, including the *JHA Bylaws*.

JHA Bylaws

A review of *Bylaws*, dated February 2, 1999, stated the following in part:

ARTICLE II. MEMBERS OF THE AUTHORITY

Section 4. Powers of the Authority – *The powers of the Authority shall be vested in the commissioners thereof in office from time to time...A majority of the commissioners shall constitute a quorum of the Board for the purpose of conducting its business and exercising its powers and for all other purposes...*

ARTICLE V. CONDUCT OF AUTHORITY BUSINESS

Section 4. Quorum and Votes Required for Action – *The majority of the members shall constitute a quorum for the purpose of meeting and transacting business. Four (4) affirmative votes shall be required to accomplish an act of business...*

McKinnies' JHA Personnel File

A review of McKinnies' personnel file disclosed a *Memorandum* from JHA Board Chair Davis, dated March 27, 2015, with an accompanying *Performance Appraisal Form*, was sent to the JHA Board and stated the following in part:

The Board Chair will complete the evaluation and will then meet with the CEO to discuss the results. A summary of the evaluation will be presented at the April Board of Commissioners meeting, with the CEO given an opportunity to respond...

Also contained in McKinnies' personnel file, was e-mail correspondence sent to Brown from Board Chair Davis, dated April 20, 2015, with the subject, "*Fred's Evaluation.*" Davis wrote the following: "...*The board has approved Fred's salary to be increased to \$175,000 annually. Please make this adjustment effective to his anniversary date. Also I will be happy to sign the salary adjustment form ...*"

The file contained a corresponding *Employee Change Notice (ECN)* dated April 22, 2015, which the Chief Financial Officer, Board Chair, and the HR Director appeared to signed. Per the *ECN*, McKinnies was awarded a salary adjustment (salary increase) from \$153,713.87 to \$175,000, effective March 16, 2015. Of note, Brown was unable to locate and/or provide any *JHA Board Meeting Minutes* related to the JHA Board's approval of McKinnies' salary increase in 2015.⁴⁴

JHA Human Resource Department Records

In the notes dated October 30, 2015 and November 3, 2015, Brown documented conversations with the WB concerning various allegations, including an allegation regarding a sexual relationship between Davis and McKinnies. However, per a review of these notes, there are no specific details about this allegation. In the December of 2015 note, Brown documented that she

⁴⁴ The OIG attempted to locate meeting minutes regarding the 2015 salary increase, JHA was unable to provide any minutes associated with a publically noticed board meeting or executive session.

confronted McKinnies with the allegation, who stated, "... *That is a lie. There is nothing between Carrie and me.*" Based on the December note, Brown disclosed the complainant's name [the WB] to McKinnies.

TESTIMONY

Statement of the WB

The WB's job duties included being responsible for publicly noticing, recording, and transcribing the JHA Board meetings. The WB was also the custodian of records for all records related to the JHA Board meetings.⁴⁵

In regards to McKinnies' salary increase listed on the *ECN*, dated April 22, 2015, the WB assisted the Board Chair in obtaining signatures related to McKinnies' annual performance evaluation and the *ECN*.

The WB questioned McKinnies about the salary increase amount listed on the aforementioned *ECN* by asking him if there was documentation (e.g. JHA Board meeting minutes) to "*justify this amount of money.*" Per the WB, the lack of documentation was unusual because the WB was provided documentation of JHA Board's approval (e.g. JHA Board meeting minutes) for former CEO/President Ferguson's salary increases.

Statement of Carrie Davis, former JHA Board Chair

Davis served as the Board Chair from 2012 until 2017, when she resigned. As the Chair, her duties included conducting board meetings, creating subcommittees, and having the authority to sign contract-related documents.

The JHA Board's duties included voting on JHA matters, which required a majority vote by existing JHA Board members; conducting the CEO/President's probationary and annual evaluation based on the CEO/President's performance; and selecting and approving the CEO/President's compensation.

During her tenure as Chair, JHA Board members annually completed an individual appraisal form, rating and commenting on the CEO/President's performance. The appraisal forms were forwarded to Brown, who consolidated the forms into one summary document, which reflected the JHA Board's overall rating of the CEO/President's performance. The JHA Board discussed the overall evaluation at the next Board meeting and would discuss any salary adjustment.

The JHA Board reviewed and considered various documents, including HUD guidelines and a salary survey of CEO/President's salaries at other comparable housing authorities. The

⁴⁵ The OIG requested JHA Board meeting minutes for the salary increase and the WB was unable to provide the minutes. The investigation determined that the Board generally discussed salary increases during an executive session, a continuation of the publically noticed meeting, which was conducted after the main meeting. The WB was not present during Executive Sessions.

aforementioned documents were used as guidelines to determine the range of the CEO/President's salary increase. Upon reviewing this documentation, the JHA Board voted and approved the CEO/President's salary increase amount. Davis did not have the authority to provide the CEO/President a salary increase outside of the JHA Board's voting process as outlined in the *Bylaws*.

In regards to McKinnies' April 22, 2015, salary increase, Davis recalled the JHA Board voted on and approved this salary increase during a JHA Board meeting. Approximately a week after the board voted, Brown forwarded the *ECN* to Davis for signature and approval.

Davis testified that she and McKinnies had never been in a consensual and/or romantic relationship⁴⁶ and described the relationship with McKinnies as a "very good, professional" and "amicable relationship."

Statement of the Bernadette Brown, HR Director, Human Resources Department

Brown's duties as the HR Director included assisting the JHA Board during the CEO/President's performance evaluation process by identifying the objectives within the *Performance Appraisal Form* (appraisal form). Brown forwarded appraisal form to each Board Commissioner. Each Commissioner used the appraisal form to rate the CEO/President's performance and returned the appraisal form back to Brown. Afterwards, Brown summarized all of the Commissioners' appraisal forms into one summary document, which reflected an overall average score per objective. Brown provided the summary document to the Chair.

In general, after a publically noticed JHA Board meeting, a subsequent executive session⁴⁷ meeting was held to discuss the CEO/President's performance evaluation. The executive session meeting was comprised of the JHA Board, Brown, and JHA's Chief Financial Officer. During the executive session, the entire JHA Board voted on "the percentage" of the CEO/President's salary increase. In the past, Brown also provided the JHA Board with a salary survey of CEO/President's salaries at other comparable housing authorities.

Per Brown, the WB was not present during these executive session meetings. However, Brown believed the executive session meetings were audio recorded.⁴⁸

In regards to McKinnies' April 22, 2015, salary increase, Brown recalled the JHA Board approved McKinnies' salary increase. More specifically, Brown stated Davis "signed off" on McKinnies' salary increase. Per Brown, McKinnies' salary was "actually low compared to other housing authorities our size."

⁴⁶ Davis was adamant during the interview that no consensual sexual relationship ever existed with McKinnies.

⁴⁷ McKinnies testified, that an "executive session" referred to a continuation of a publically noticed JHA Board meeting attended by the JHA Board, Chief Financial Officer and HR Director to address matters relating to the CEO/President, e.g. performance evaluations, and salary.

⁴⁸ The OIG attempted to obtain records related to the JHA Board's approval of McKinnies the 2015 salary increase; however, none could be located by JHA.

In regards to the notes dated October 30, 2015, and November 3, 2015, in which Brown documented the WB's allegation of a sexual relationship between the Board Chair and McKinnies, Brown recalled that in or around April or May of 2016, a conversation occurred during a JHA Board meeting regarding the WB's allegation of having received unwanted sexual advances from McKinnies. After the meeting, Brown had a conversation with Davis.

During Brown and Davis' conversation, they discussed two allegations made by the WB: the alleged sexual relationship between Davis and McKinnies and the allegation that the WB had received unwanted sexual advances from McKinnies. Davis told Brown the allegation that Davis and McKinnies had been in a sexual relationship "*was not true.*"

According to Brown, she never witnessed or observed any inappropriate interactions and/or behavior (e.g. body language, flirtatiousness) between McKinnies and Davis during her (Brown's) minimal observations of the two of them.

Statement of Frederick "Fred" McKinnies, CEO/President

McKinnies stated that the JHA Board evaluated McKinnies' performance based on the previous year's objectives and goals to include strategic goals. The JHA Board established these objectives and goals at the beginning of each fiscal year from October 1 through September 30. The JHA Board completed his performance evaluation at a publicly noticed JHA Board monthly meeting, during what McKinnies referred to as an "*executive session.*" The executive session [a continuation of a publically noticed meeting] was comprised of the JHA Board, Chief Financial Officer, and the HR Director. McKinnies left the room prior to the time of the executive session. During the executive session, the JHA Board openly discussed his performance evaluation and salary increase based on his performance evaluation. McKinnies stated, "*I have no input over that.*" All publicly noticed meetings (to include the executive sessions) were audio recorded, transcribed and retained by JHA.

McKinnies reviewed and stated that he was familiar with the *ECN* dated April 22, 2015, which reflected a salary increase for McKinnies from \$153,713.87 to \$175,000, effective March 16, 2015. He believed this *ECN* was related to his first salary increase after being promoted to the CEO/President position, and was approved by the JHA Board. He explained his initial salary as the CEO/President was very low compared to other housing authority CEO/Presidents. Per McKinnies, he accepted the CEO/President position at a salary of \$139,000 with the understanding that he would receive additional pay within four to six months.

As the CEO/President, he interacted with the Board Chair (Davis) on a monthly basis regarding JHA and the affordable housing industry. McKinnies advised he met Davis when he became the CEO/President, as "*he didn't know Carrie until that time.*" He described his relationship with Davis as "*professional,*" but they were not friends.

SUMMARY OF FINDINGS

Based on testimony, the JHA Board approved McKinnies' salary increase in April of 2015. However, outside of the *ECN* dated April 22, 2015, and an e-mail exchanged between the JHA Board Chair and Brown, JHA was unable to provide any meeting minutes related to the Board's approval. Therefore, the OIG was unable to verify independently through documentation whether the JHA Board approved McKinnies' salary increase and the amount of the salary increase, and whether the discussion and approval occurred during a JHA Board meeting or during the executive session meeting portion that followed.

Both McKinnies and Davis testified that they did not have a consensual sexual relationship. Davis was adamant during the interview that there never had been a consensual sexual relationship with McKinnies. McKinnies testified the relationship was professional.

CONCLUSION

Based on testimony and records, Allegation 5(A) that McKinnies received an improper salary increase in 2015 from the former Chair of the JHA Board, as a result of an alleged consensual sexual relationship, was *not substantiated*. The investigation also concluded that JHA did not properly retain JHA Board meeting minutes related to McKinnies salary increase in April of 2015.

ADDITIONAL INFORMATION: LACK OF INTERNAL CONTROLS

Based on the information obtained during the investigation, the OIG determined there was a lack of internal controls within JHA related to outdated internal policies; inconsistent and incomplete record keeping, including personnel files and salary related documents; and inconsistent handling of complaints related to employee misconduct.

Outdated Internal Policies

During the OIG investigation, the OIG obtained and reviewed JHA's internal policies. Per a review of the JHA internal policies, the OIG observed that numerous policies are outdated, including those directly related to this investigation, more specifically:

- *Sexual Harassment 002*, effective August 14, 1995
- *Sexual Harassment 112*, effective August 14, 1995
- *Conflict of Interest 005*, revised date August 16, 2007
- *Harassment 116*, effective November 4, 1998
- *Standards of Conduct 327*, revised November 14, 2001
- *Outside Employment 335*, revised November 14, 2001
- *Employee Performance Appraisal*, revised October 20, 2005
- *Employee Handbook*, revised October 2010

Statement of Bernadette Brown, HR Director, Human Resources Department

When Brown first began employment with JHA in 2013, McKinnies made updating JHA's policies and procedures (policies) Brown's "main goal and objective" because the "policies were outdated." She was instructed (by whom not specified) to review a binder of policies (name not specified) and identify what policies needed to be updated.

When Brown was asked if there was a reason why all the policies were not updated in a timely manner, she stated "over half of my employment, I was short staffed." Further, she stated, "I was trying to do all the policies by myself; there was no committee." Additionally, she stated, "with me trying to do that, as well as run the human resources department as a newbie in the organization, it was kind of difficult to keep up with all of that."

In 2013 or 2014, Brown began working on a sexual harassment policy; however, this policy was not completed. When Brown was asked if there was a reason why the sexual harassment policy was not completed, she stated, "That would have been on me."

Inconsistent and Incomplete Record Keeping – HR Personnel Files

During the investigation, the OIG met on numerous occasions with HR Director Brown to obtain personnel files related to this investigation. Based on interactions with Brown, the OIG learned that all relevant information related to salary, promotions, and general employment matters were retained in hard copy form within each JHA employee's personnel file. Brown also advised that JHA retained hard copy files of personnel records for a period of 50 years.

The OIG reviewed sixteen JHA employees' personnel files,⁴⁹ including McKinnies' file. During the review, the OIG observed that the personnel files were missing records related to salary increases, promotions, and justifications for salary and/or promotions. In addition, the files were not maintained in a consistent manner. As noted in this investigation, one personnel file relevant to this investigation could not be located by JHA, even though Brown advised hard copy files of personnel records were retained for a period of 50 years.

Additionally, JHA Board meeting minutes related to the JHA Board's approval of the April 2015 salary increase for McKinnies (as the CEO/President) could not be located and/or provided by the HR Director and were not retained in McKinnies' personnel file.

Inconsistent Handling of HR Complaints**Allegations in 2015 Concerning McKinnies**

In regards to the JHA HR Director's handling of informal and formal complaints, the OIG determined that JHA does not have a hotline for reporting complaints, a method for tracking

⁴⁹ The number of personnel files listed includes both current and former JHA employees.

complaints (e.g. assignment of specific numbers to each complaint), or written policies on how complaints are to be handled.

Brown testified that upon receiving complaints (either informal or formal), she interviewed the complainant(s) to obtain additional information. Afterwards, Brown met with all witnesses (provided by the complainant) to obtain additional information in regards to the allegations. If the witnesses provided her with any relevant information, she asked them to provide her with a written statement. Additionally, she asked the witnesses if they knew any other witnesses with information relevant to the allegations.

Subsequently, Brown met with all subjects to inform them of the allegations filed against them. During this meeting, she provided the subjects with “*an opportunity to state whether it’s valid or not.*” If the subjects provided her with any relevant information, she asked them to provide her with a written statement.

Upon completing the interviews and obtaining relevant information, she determined whether the allegations were valid or invalid. Her investigative findings, in conjunction with recommendations of disciplinary actions, were reflected in her investigative reports.

In regards to the complaints reported to Brown in October and November 2015 by the WB, Brown was unable to provide an investigative report regarding her efforts to address these allegations. The investigation determined that Brown made a decision not to interview one of the witnesses (Witness B) who was relevant to the complaint because (1) Brown believed that the friendship between the WB and Witness B ended when Witness B was promoted and because (2) Brown did not observe any inappropriate interactions and/or behavior between McKinnies and Witness B.

Therefore, the OIG investigation determined that Brown did not handle the complaints concerning McKinnies with neutrality and impartiality or in a manner consistent with the process she testified to during the investigation. In addition, based upon a review of other JHA sexual harassment complaint files provided by Brown, the OIG determined that the HR Director does not have a consistent manner or procedure for how complaints are to be handled, nor is the complainant provided any type of closure upon completion of an internal investigation.

Other Matters Concerning McKinnies

During the investigation, McKinnies testified that he had a consensual relationship with a JHA Public Housing Tenant in or around October and December of 2008, resulting in the birth of a child. McKinnies testified he first met the tenant at a Jacksonville area restaurant, possibly in the presence of Ferguson. McKinnies disclosed this relationship to Ferguson in either 2009 or 2010, after Ferguson inquired about the relationship.

According to Ferguson, Ferguson knew the JHA Public Housing Tenant and recalled interacting with the tenant throughout his employment, as the tenant resided at a JHA Public Housing

property. Ferguson elaborated by stating his initial conversation with the tenant was about job opportunities within JHA. Ferguson introduced McKinnies to the tenant while visiting a flea market where the tenant was employed. During at least one conversation between them (the tenant, Ferguson, and McKinnies), the tenant informed McKinnies, in the presence of Ferguson, that the tenant resided in JHA Public Housing. This conversation occurred prior to McKinnies fathering a child with the tenant.

Per Ferguson, he did not discuss this with the HR Director and there was no disciplinary action taken against McKinnies. Based on the language within JHA’s Standard Practice, *Harassment 116*, Ferguson concluded that McKinnies had not violated the policy.

RELATIONSHIP SUMMARY

Refer to the *Consensual Relationship Timeline* below, for a summary of the relationships outlined in this investigation.

CONSENSUAL RELATIONSHIP TIMELINE																			
McKinnies' Position	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	VP	VP	VP	VP	SVP	CEO	CEO	CEO	CEO	CEO									
WB	X	X																	
Witness B		X	X	X	X	X	X												
Former JHA Tenant									◆										
DATES ARE APPROXIMATE, BASED ON TESTIMONY.																			
Legend: VP: Vice-President of Housing WB's Testimony X Direct report to McKinnies SVP: Senior Vice-President Witness B's Testimony ◆ October - December 2008 CEO: CEO/President McKinnies' Testimony																			

Based on the investigation, JHA, specifically HR Director Brown, in November of 2015 was aware of an allegation concerning McKinnies’ involvement in a non-professional relationship with at least one JHA employee. Brown did not bring this allegation to the attention of the JHA Board or OGC and did not conduct an investigation into this allegation.

In addition, based on testimony and records obtained during the investigation, in 2008 former CEO/President Ferguson may have had information that McKinnies was involved in a consensual relationship with at least one other JHA employee, and in 2012, CEO/President Ferguson learned of the relationship with a former JHA Public Housing tenant.

IDENTIFIED, QUESTIONED, AND AVOIDABLE COSTS

Not Applicable.

RECOMMENDED CORRECTIVE ACTIONS

The OIG recommends the following corrective actions be taken by JHA and/or the JHA Board:

1. Review and update all JHA policies and procedures including, but not limited to, those listed below. Ensure that these updated policies are made available and acknowledged by all JHA employees, as applicable. Provide verification to the OIG.
 - *Sexual Harassment 002*, effective August 14, 1995
 - *Sexual Harassment 112*, effective August 14, 1995
 - *Conflict of Interest 005*, revised date August 16, 2007
 - *Harassment 116*, effective November 4, 1998
 - *Standards of Conduct 327*, revised November 14, 2001
 - *Outside Employment 335*, revised November 14, 2001
 - *Employee Performance Appraisal*, revised October 20, 2005
2. Review and update the JHA *Employee Handbook*. Ensure the JHA *Employee Handbook* is made available and acknowledged by all JHA employees. Provide verification to the OIG.
3. Review and update the JHA *Supervisor's Guide and Reference Manual*. Ensure the JHA *Supervisor's Guide and Reference Manual* is made available and acknowledged by all JHA supervisors. Provide verification to the OIG.
4. Establish or incorporate into existing policies standards of conduct related to the following topics. Provide verification to the OIG.
 - Fraternalization between supervisors and subordinates;
 - Fraternalization between JHA employees and clientele (e.g. tenants);
 - Fraternalization between JHA employees and JHA vendors;
 - JHA employees doing business (e.g. hiring for services) with other JHA employees; and
 - JHA employees doing business (e.g. hiring for services) with other JHA vendors for non-JHA services.
5. Establish a written policy and procedure related to JHA employees reporting gifts, in accordance with Chapter 602, *Ordinance Code*. Provide verification to the OIG.
6. Establish a written policy and procedure related to JHA employees reporting secondary employment, in accordance with Chapter 602, *Ordinance Code*. Provide verification to the OIG.
7. Establish a written policy that outlines the various types and the manner in which salary increases are determined and awarded, and update the *Employee Change Notice* form, as

necessary. Ensure that the policy is made available to all JHA employees. Provide verification to the OIG.

8. Establish a procedure for the consistent maintenance and retention of HR personnel files, including (but not limited to) performance evaluations and salary documents and accompanying justifications, as applicable. Provide verification to the OIG.
9. Establish a written policy and procedure related to the handling and closure of internal complaints and/or investigations. The policy and procedure should include the development of a unique numbering system for all complaints; maintenance and retention of investigation file records and notes; a process for notifying the appropriate authorities, including the JHA Board, and/or OGC when applicable; and a process to ensure complainants are notified upon closure.

The policy should also include a protocol for forwarding complaints concerning the Senior Leadership Team, including the CEO/President, to the appropriate agencies, depending on the allegations, as listed below:

- Matters related to fraud, waste, and abuse should be forwarded to the OIG;
- Matters related to ethics should be forwarded to the Office of Ethics, Compliance and Oversight; and
- Employment matters related to sexual harassment, discrimination, and retaliation should be forwarded to the JHRC.

Provide verification to the OIG.

10. Establish a written policy and procedure for maintaining and preserving written meeting minutes and audio recordings (if applicable) for the JHA Board's publically noticed meetings and the Executive Session meetings, in accordance with Florida's Sunshine Law. Also, designate an alternate custodian of records. Provide verification to the OIG.
11. Establish a written policy and procedure related to JHA Board duties in regards to conducting the CEO/President's performance evaluation and salary increase process. Also, ensure that any justification documentation is preserved in the personnel file or an alternate location deemed appropriate for retention purposes. Provide verification to the OIG.
12. Establish a written policy requiring that all JHA employees, including the Senior Leadership Team, receive annual training related to the City of Jacksonville Ethics Code, sexual harassment, and other topics deemed appropriate for the workplace. The policy should include how attendance will be documented and retained. Provide verification to the OIG.

13. Ensure JHA employees receive annual training from the OIG; JHRC; and the Office of Ethics, Compliance and Oversight.
14. The OIG also requests that the Administration notify our office of any personnel action taken as a result of this investigative report.

The following corrective actions are recommended for consideration by either the Administration and/or City Council:

1. Update the *Ordinance Code* and/or establish a City policy regarding standards of conduct relating to conduct unbecoming of a public official and/or employee. [Possible reference, the Florida Administrative Code, Chapter 60L, Conduct of Employees.]
2. Update the *Ordinance Code* and/or establish a City policy regarding standards of conduct relating to fraternization between supervisors and subordinates.

WHISTLE-BLOWER'S COMMENTS

On August 30, 2019, the OIG met with the WB to review and discuss a copy of the draft Report of Investigation. The OIG provided the WB an opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation, due on or before September 13, 2019. On September 6, 2019, the OIG met with the WB, who reviewed the draft Report of Investigation in its entirety and had no comments.

On September 10, 2019, the WB contacted the office and requested a meeting to further discuss the draft Report of Investigation. During the meeting, the WB advised that the WB's concerns regarding retaliation were not fully addressed by the draft Report of Investigation. The meeting concluded with the understanding that the JHRC is charged with investigating matters related to retaliation (other than retaliation related to designation as a WB). The WB has the opportunity to further pursue these concerns directly with the JHRC.

MCKINNIES' COMMENTS

On August 30, 2019, the OIG hand delivered a copy of the draft Report of Investigation to the Attorney on file for Frederick McKinnies, CEO/President, JHA. The OIG provided McKinnies an opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation, due on or before September 13, 2019. On September 12, 2019, the OIG granted an extension to the Attorney on file for McKinnies until close of business on September 16, 2019. On September 16, 2019, the OIG received a written response from the Attorney on file for McKinnies. The response is attached in its entirety to this report.

ADMINISTRATION AND CITY COUNCIL ADVISORY OF CORRECTIVE ACTIONS

On September 12, 2019, the OIG met with members of the Administration for the Office of Mayor Curry, and on September 16, 2019, the OIG met with the City Council President. In both meetings, the OIG discussed consideration of the above-mentioned recommended corrective actions related to updating the *Ordinance Code* and/or establishing City policy regarding conduct unbecoming of a public official and/or employee and fraternization between supervisors and subordinates.

JHA MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS

On August 30, 2019, the Interim CEO/President, JHA, and the Board Chair, JHA Board of Commissioners, were given a copy of the draft Report of Investigation and provided an opportunity to submit a written explanation or rebuttal to the findings, due on or before September 23, 2019. On September 23, 2019, the OIG granted an extension request until September 30, 2019 to JHA Management. JHA Management provided a written response on September 30, 2019. Upon review, the OIG noted some Scrivener's errors and offered JHA Management an opportunity to make any corrections deemed appropriate. On October 11, 2019, the OIG granted an extension request to JHA Management to submit a revised response on or before October 21, 2019.

On October 21, 2019, the OIG received a written response from the Interim CEO/President, JHA, which is attached in its entirety⁵⁰ to this report. After reviewing the October 21, 2019 response, the OIG advised JHA Management of an error on page 3 of 6, which stated that Allegation 2(B) was unsubstantiated; in fact, the OIG substantiated Allegation 2(B).

JHA Management agreed to complete the OIG's Recommended Corrective Actions. JHA Management is currently in the process of updating policies and procedures in order to strengthen internal controls.

Attachments:

- 1 – McKinnies' Response, dated September 16, 2019
- 2 – JHA Management Response, dated October 21, 2019

cc: IG Distribution 2018-0012WB

This investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.

⁵⁰ Pursuant to Florida Statutes §112.3187 - 112.3189, and Part 5, of Chapter 602, *Ordinance Code*, information exempt from disclosure has been redacted from the JHA Management Response.

**LAW OFFICES OF
A. RUSSELL SMITH, P. A.**

ATTORNEY & COUNSELOR AT LAW
301 West Bay Street, Suite 1461
JACKSONVILLE, FLORIDA 32202
www.TheLawSmith.net

A. RUSSELL SMITH
Primary email: office@TheLawSmith.net
Personal email: arsmith@TheLawSmith.net

TELEPHONE: (904) 355-5633
FACSIMILE: (904) 353-1315

September 16, 2019

By electronic mail: InspectorGeneral@coj.net

Lisa A. Green, Inspector General
Office of the Inspector General
City of Jacksonville
P.O. Box 43586
Jacksonville, Florida 32203

RE: Report of Investigation 2018-0012WB

Dear Ms. Green:

On behalf of Frederick McKinnies, President and CEO of the Jacksonville Housing Authority, we are filing this response and these comments regarding the Draft Investigation Report in Investigation 2018-0012 WB. We are gratified that this exhaustive investigation fully vindicates Mr. McKinnies, failing or refusing to substantiate every major allegation of misconduct made against him, and declining to recommend any sanctions against him.

While it is never pleasant to have every aspect of your professional life examined in excruciating detail, Mr. McKinnies has, since the beginning, been determined to cooperate fully with the investigation, with candor and transparency. He believes that his commitment to being honest and forthright throughout the investigation contributed to his exoneration, and the complete rejection of his accuser's allegations.

It has been this style of leadership and commitment that has resulted in the Jacksonville Housing Authority rising to one of the preeminent public housing authorities in the United States, while he has been at the helm.

We would like to address several specific matters which we believe deserve to be placed in proper context and need a more complete explanation:

Allegation 1A – Although this allegation was found to be unsubstantiated, it should never have been made part of this investigation. This was a twenty-year-old claim that was fully investigated and dismissed at the time. It was stale and did not contribute to a full and fair understanding of the circumstances under investigation.

HELPING YOU WHEN THE LAW TOUCHES YOUR LIFE

Allegation 2 – All of the conduct confirmed by the investigation was completely consensual, and none of the policies of the Jacksonville Housing Authority prohibited any of Mr. McKinnies' conduct.

Allegations 3A & 3B – Although Mr. McKinnies occasionally hired JHA employees and JHA contractors to provide real property maintenance and repair services to him personally, the investigation concluded the following about those services:

- All work took place after hours or on weekends – no work was performed on JHA time.
- Mr. McKinnies paid for the services personally, at rates which equaled or exceeded market rates.
- No employee or vendor was forced or coerced to provide these services – all transactions were arms-length.
- Mr. McKinnies' actions did not violate JHA Standards of Conduct.

Allegation 3C – Mr. McKinnies objects to this finding. Although vendors and the City of Jacksonville occasionally made TPC tickets available to Mr. McKinnies, he never used them himself. Rather, he made them available to other JHA employees, on a first-come, first-served basis. He made no effort to determine whether the tickets were even used, nor did he provide any information to the vendors who donated the tickets about who may have used them. He had no knowledge of the actual value. Any violation of policy was not knowing or willful.

Allegation 4 - Mr. McKinnies objects to this finding. Mr. McKinnies was one of a substantial group of JHA employees who pooled small amounts of money together to buy tickets in the Florida Lottery. No one was forced to participate. This activity is simply not within the scope of the JHA handbook prohibition against "operating a lottery" on JHA property.

On behalf of Mr. McKinnies, we wish to thank the Office of the Inspector General for its thorough investigation of this matter, and agree with its findings that, after some three decades or more, it is in the best interest of JHA to conduct a comprehensive review of its policies and procedures, to modernize them and make them relevant in the twenty-first century workplace. Mr. McKinnies is committed, in his ongoing role as President and CEO, to speedily conduct that review and implement any necessary changes.

Sincerely,



A. Russell Smith
Counsel for Mr. McKinnies



JACKSONVILLE HOUSING AUTHORITY

October 21, 2019

Ms. Lisa Green
Inspector General
City of Jacksonville's Office of Inspector General
231 East Forsyth Street, Suite 470
Jacksonville, Florida 32202

Sent via E-mail to lgreen@coj.net

Re: OIG draft Report of Investigation 2018-0012WB

Dear Inspector Green,

Please accept the following correspondence as Jacksonville Housing Authority's Response to the Inspector General's draft Investigative Report of August 30, 2019. The Jacksonville Housing Authority's Response is divided into two sections. In Section I, the Jacksonville Housing Authority (hereinafter "JHA" and the "Agency") directly responds to each of the OIG's numbered allegations. In Section II of this Response, JHA outlines generally its plans to address the issues outlined in the OIG Report.

I. ALLEGATIONS

The Office of Inspector General's draft Investigative Report for 2018-0012WB (the "OIG Report") details the OIG's joint administrative investigation, with the Jacksonville Human Rights Commission (JHRC), into the August 2018 allegations by Complainant (hereinafter also called "the WB" as used in the OIG Report) against JHA's Chief Executive Officer Frederick (Fred) McKinnies. The OIG draft Report addresses each of the WB's allegations, organized into five (5) categories: (1) Sexual Harassment; (2) Standards of Conduct; (3) Conflict of Interest and Prohibited Receipt of Gifts; (4) JHA's Internal Policy; and (5) Improper Salary Increase. The OIG's investigation included a review of relevant laws and applicable JHA policies. Ultimately, the Report substantiated Allegations 2, 3, and 4, either in whole, or in part.

A. Allegation 1: Sexual Harassment

The OIG investigated the WB's allegations concerning sexual harassment by JHA's CEO McKinnies with respect to potential violations of both federal, state and local law, as well as JHA policy. There were two specific allegations contained within Allegation 1, as follows:

1(A) McKinnies, while employed with JHA, was alleged to have sexually harassed a JHA employee in or around 1997.



1(B) McKinnies, while employed with JHA, was alleged to have sexually harassed the WB in or around 2000 and again in or around 2015.

AGENCY RESPONSE:

At the outset, JHA notes its concern regarding the allegations of sexual harassment reviewed in the OIG Report. The Agency does not condone any sexual relations between a senior management employee and a subordinate, and not only prohibits sexual harassment, but all types of harassment generally. Evidence of its prohibition of such conduct is reflected in JHA's policies.

With regard to Allegation 1(A), JHA notes that the alleged incident forming the basis of this Allegation allegedly occurred between a former employee and McKinnies around November 1997. Over 20 years have elapsed since the alleged incident occurred, and, as noted in the Report, relevant evidence is no longer available, which significantly limits the ability of the OIG or JHA to make a legitimate determination regarding the claim. Accordingly, JHA believes the allegations are beyond the scope of the Agency's role and ability to respond to the Report.

With regard to Allegation 1(B), the Agency notes that it took action in response to the WB's complaint in December of 2018, but recognizes that examination and review of its investigation and reporting procedures, as well as other corrective actions, are warranted.

The Agency acknowledges the Recommended Corrective Actions outlined on pages 77 through 80 of the Report, and intends to take all available steps to eliminate any potential for continued harassment and to prevent future harassment. Specifically, JHA intends to engage in further internal investigations into the manner in which the WB's complaints were handled. JHA will also adopt updated sexual harassment and harassment policies containing reporting procedures for both general complaints, as well as complaints against a complainant's supervisor and senior JHA management. The updated policy will also include specific investigatory processes and procedures, as well as records retention requirements for any investigatory documentation. Further, the Agency will support the updated Sexual Harassment and Harassment policies with the adoption of an updated Supervisors Manual, as well as annual employee and supervisor training to include harassment and sexual harassment, ethics, and public records and retention requirements under Florida's sunshine laws.

B. Allegation 2: Standards of Conduct

The OIG investigated the WB's allegations concerning standards of conduct by McKinnies with respect to potential violations of both federal, state and local law, as well as JHA policy. The three specific allegations contained in Allegation 2 were:

2(A) McKinnies, while employed with JHA in various capacities, participated in consensual sexual relationships with multiple JHA employees, dating back to 2001.

2(B) McKinnies, while employed with JHA, participated in a sexual act on JHA property with a JHA employee with whom he had an ongoing consensual sexual relationship.

2(C) McKinnies, while in the capacity of CEO/President, provided a job promotion to a JHA employee with whom he had an ongoing consensual sexual relationship.

AGENCY RESPONSE:

With regard to Allegation 2(A), the Agency responds that such continued or future consensual sexual relationships between a member of JHA senior management and a subordinate are uniformly prohibited; any sexual relationship between JHA employees, vendors and/or residents should be avoided to prevent even the appearance of impropriety. The Agency also maintains that JHA Standard Practice #327 – Standards of Conduct does address these concerns as it provides that it “is imperative that employees not allow themselves to be placed in positions where conflict of interest might justifiably be suspected”. In addition, the Agency has recently adopted JHA Standard Practice #122, Fraternization with Residents and intends to fully overhaul its policies to comply with the OIG Report’s recommendations.

In response to Allegation 2(B), JHA recognizes that even though the allegation was unsubstantiated, it nevertheless indicates the need for the Agency to take corrective action to address these allegations. The Agency again responds that such consensual sexual acts are not only prohibited between employees, vendors and/or residents, but that there is added impropriety because the alleged acts are said to have occurred on JHA property during working hours. There was no avoidance of the appearance of impropriety and clearly violations of numerous JHA Policies and Standard Practices, which JHA will take into consideration moving forward.

Regarding Allegation 2(C), the Agency notes that, although the allegation was not substantiated, the conduct alleged is not permissible conduct by the Agency’s Chief Executive Officer and violates numerous JHA Policies and Standard Practices.

C. Allegation 3: Conflict of Interest and Prohibited Receipt of Gifts

The OIG investigated the WB’s allegations concerning conflicts of interest and receipt of gifts by McKinnies with respect to potential violations of both federal, state and local law, as well as JHA policy. There were three specific allegations included within Allegation 3, as follows:

3(A) McKinnies, prior to and after becoming the CEO/President, requested and paid JHA employees and JHA vendors to complete home improvement services at his residence.

3(B) McKinnies, while employed with JHA, requested and/or paid JHA employees and JHA vendors to complete home improvement services at the WB’s residence.

- 3(C) *McKinnies, prior to and after becoming the CEO/President, received gifts (in the form of professional golf tournament tickets) from a JHA vendor and subsequently provided the tickets to multiple JHA employees, including those with whom he had consensual sexual relationships.*

AGENCY RESPONSE:

JHA notes that although Allegation 3(A) was substantiated by the OIG Report, the Report did not find that the alleged behavior was in fact a violation of any JHA policies or procedures. While JHA was encouraged that the OIG did not find any evidence that McKinnies misused JHA or public funds, it recognizes that the conduct McKinnies did engage in was, and is, wholly unacceptable. The Agency assures that steps shall be taken to address the lack of accountability and to institute minimum standards of conduct for all employees to ensure that its employees avoid any appearance of impropriety. The Agency will also revise existing policies to incorporate appropriate reporting and approval forms and processes.

In regards to Allegation 3(B), JHA notes its disagreement with the Report to the limited extent that JHA feels McKinnies's conduct does constitute a clear violation of JHA's Standard Practice #327. Similarly, regarding Allegation 3(C), JHA recognizes that the substantiated conduct is a violation of §602.701, *Ordinance Code, Prohibited receipt of gifts*, because the value of each ticket was in excess of \$100.¹ The conduct was also a violation of JHA's *Employee Handbook, Rules of Conduct*, which prohibited the receipt of gifts from vendors."²

JHA is committed to taking steps which will ensure that there is clarity regarding the gift policies already in place and will follow the Recommended Corrective Actions provided within the Report in order to create and maintain better systems regarding the receipt and reporting of gifts to JHA employees.

D. Allegation 4: Jacksonville Housing Authority's Internal Policy

The OIG investigated the WB's allegations concerning participation in an office lottery pool by McKinnies with respect to potential violations of both federal, state and local law, as well as JHA policy. The single allegation addressed in this section was:

- 4(A) *McKinnies, prior to and after becoming the CEO/President, had knowledge of and participated in an "office lottery pool" during the course of his tenure with JHA, dating back to 2013.*

AGENCY RESPONSE:

McKinnies's substantiated conduct in regards to this allegation is concerning to JHA. While the Report found that it could not be determined whether the "pooling of money," as it was found to have occurred in this situation, was a violation of JHA's policies as written, JHA recognizes that the conduct is, and was, inappropriate and unacceptable. Therefore, as part of its responses to this Report, JHA intends to implement updated and additional employment policies

¹ *Id.*

² See OIG draft Investigative Report, p. 57.

and conduct independent investigations into the allegations brought to light by the OIG's Report, including Allegation 4(A).

E. Allegation 5: Improper Salary Increase

The OIG investigated the WB's allegations concerning an improper salary increase awarded to McKinnies with respect to potential violations of both federal, state and local law, as well as JHA policy. Allegation 5(A) was the sole allegation regarding this alleged incident.

5(A) CEO/President McKinnies received an improper salary increase in 2015 from the former Chair of the JHA Board as a result of an alleged consensual sexual relationship.

AGENCY RESPONSE:

While the OIG did not substantiate this allegation, the Report did comment on potential improvements to be made with JHA's recordkeeping of Board meeting minutes. JHA has always taken proper and appropriate steps to maintain minutes of all Board meetings and conducts all meetings in compliance with Chapter 286, *Florida Statutes* (Florida's Open Meetings Law). JHA is committed, however, to improving the processes it has in place regarding the creation and maintenance of Board meeting minutes, especially considering the fact that the individual tasked with creating and maintaining the minutes has, in this case, raised complaints as the WB, and subsequently been unable to produce the minutes in question. It is therefore JHA's intent to ensure that the records are being created and maintained by more than one employee and in more than one location, to ensure that the institutional knowledge and critical records are not held with a single employee without oversight by the Board and/or Agency senior management.³

Additionally, JHA wishes to clarify that the executive sessions held to discuss the compensation of the CEO are held during publically noticed meetings, and not after. It is critical to note, however, that these types of executive sessions are different than executive sessions held to discuss collective bargaining or pending litigation. When the Board goes into executive session to discuss collective bargaining or pending litigation, the law does not permit the public to be present. For purposes of the OIG Report, however, the executive session was held to discuss and determine the salary of the CEO, and therefore the public was permitted to be present at all times.

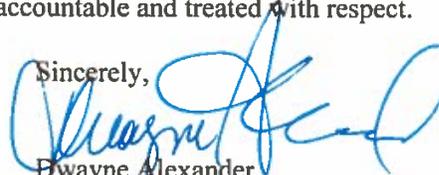
³ The OIG Report also noted additional instances in which public records were not provided during the investigation. JHA takes this issue seriously and is committed to improving its policies and procedures for maintaining and preserving all such public records. These tasks are presently assigned to the [REDACTED], the Director of Human Resources and the Director of IT, all subject to the supervision of the CEO. JHA will examine how best to improve this system and to ensure employee accountability for the maintenance and preservation of its public records going forward.

While JHA is confident that its Board meetings are conducted in full compliance with Chapter 286, it intends to take the OIG's Recommended Corrective Actions into consideration and to use the Report to further improve its policies and practices.

II. FUTURE ACTION

JHA thanks the OIG and the JHRC for its investigation. JHA originally became aware of the Complainant's allegations late in 2018 and immediately took steps to address the issues raised. McKinnies was placed on administrative leave and I, JHA's Vice President, was appointed as the Interim CEO/President, tasked to oversee the revision of JHA's current employment policies as well as an in-depth review of Agency practices and procedures. Those steps will continue as JHA works to fully address the issues discussed in the OIG Report and to make the improvements it recommends. JHA expects to conduct internal investigations into several of the incidents and issues raised in the Report in order to determine its best course of action moving forward. JHA will also ensure that the Recommended Corrective Actions contained in the Report are completed as part of its work to build a safe and consistent work environment, where all JHA employees are held accountable and treated with respect.

Sincerely,



Dwayne Alexander
JHA Interim CEO/President