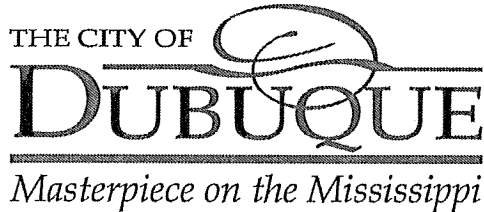


Jean Nachtman



TO: Department Managers
Division Managers
Clerical Staff

FROM: Jean Nachtman, Finance Director

RE: Business Transactions Between the City and Related Parties

DATE: July 7, 2016

Fairchild Business Coaching

CMU

Iowa Code §362.5(2) provides that "A city officer or employee shall not have an interest, direct or indirect, in any contract or job of work or material or the profits thereof or services to be furnished or performed for the officer's or employee's city." City Council Resolution 254-16 identifies, for purposes of the City's annual financial audit, that the "direct or indirect interest" in Iowa Code §362.5 refers a business with 5% or more ownership by a city official, employee, or the spouse or unemancipated minor child of a city employee or officer. These are referred to as "related party vendors."

The current list of known related party vendors include:

Vendor	Number
A FRAME OF MIND FRAMING & GALLERY	7179
BI-COUNTY DISPOSAL INC	7092
NET SMART INC	2941
RICHARD W JONES	7630
TIMMY P MCGINNIS	2729

There were no payments to any of these vendors in Fiscal Year 2016. If your department has made a purchase from another vendor that could be classified as a related party, please notify Finance immediately. Purchases between the City and a related party vendor must be competitively bid, and proof of bidding attached to the purchase order.

As part of the audit of the City of Dubuque for fiscal year ended June 30, 2016, our CPA firm, Eide Bailly LLP reviews business transactions between the City and related parties. Please complete the information below and return by Friday, August 12, 2016 and return to Ella Lahey.

Department	Related Party Purchases Y/N	IF Yes			
		Vendor Name	Relationship	PO #	Bid Form Attached Y/N
City Manager's Office	Yes	#6191 Fairchild Business Coaching	Wife to Riley Fairchild	16004890	N


Department Manager Signature

9/13/16
Date

Vendor # 0691

7 See attachment regarding Community Foundation of Greater Dubuque, Every Child-Every Promise, Project H.O.P.E and Inclusive Dubuque.

Community Foundation of Greater Dubuque - City Manager Mike Van Milligen's wife is the President and CEO. Per review with City Attorney, Iowa Code sec. 362.5 provides that a city officer or employee shall not have an interest, direct or indirect, in any contract or job of work or material or the profits thereof or services to be furnished or performed for the officer's or employee's city. The City Manager's wife is the salaried President and CEO of the Community Foundation of Greater Dubuque. The Community Foundation provides services for the City of Dubuque. However, neither the City Manager nor his wife have an interest, direct or indirect, in any contract or job of work or material or the profits thereof or services to be furnished or performed for the City of Dubuque.

Every Child, Every Promise - City Manager Mike Van Milligen's wife is the President and CEO. Every Child, Every Promise received \$22,500 through the Community Foundation of Greater Dubuque. (Same explanation as Community Foundation of Greater Dubuque.)

Project H.O.P.E. — City Manager Mike Van Milligen's wife is the President and CEO, Project H.O.P.E. received \$67,500 through the Community Foundation of Greater Dubuque. (Same explanation as Community Foundation of Greater Dubuque.)

Inclusive Dubuque — City Manager Mike Van Milligen's wife is the President and CEO, Inclusive Dubuque received \$67,500 through the Community Foundation of Greater Dubuque. (Same explanation as Community Foundation of Greater Dubuque.)

From: Mike Van Milligen
To: Nachtman, Jean
CC: Hilkin, Juanita; Lahey, Ella; Larson, Jenny; Lindahl, Barry
Date: 9/1/2016 1:01 PM
Subject: Re: PLEASE RESPOND ASAP - Related Parties Transactions

Per Jean continue
w/memo to Eide Bailly
as MUM would like
Community foundation
listed.

Sounds like they will be reported, so I do not need to do any follow-up?

>>> Jean Nachtman 9/1/2016 12:36 PM >>>

I have a list from prior years. When Finance reports related party transactions to the auditors all the Community Foundation transactions are included.

The Community Foundation payments have never appeared as an audit findings in the Compliance Section of the CAFR.

Jean

>>> Mike Van Milligen 9/1/2016 9:37 AM >>>

Even though it is not a prohibited contract based on the following exception:
Under Iowa Code sec. 362,5(3)(e), the prohibited contract provision does not apply to "Contracts in which a city officer or employee [or spouse] has an interest solely by reason of employment, . . . if the remuneration of employment will not be directly affected as a result of the contract and the duties of employment do not directly involve the procurement or preparation of any part of the contract."

I still want to report the city contracts with the Community Foundation of Greater Dubuque, since my wife is the president and CEO. What do I need to do?

>>> Juanita Hilkin 8/31/2016 4:06 PM >>>

Please see the attached memo from Jean Nachtman regarding Related Party Transactions. Please let me know if you are aware if you, your spouse or unemancipated minor child have a 5% or more interest in any vendor that does business with the City. This information is required by our auditors and I need each person in the City Manager's Office to respond to me.

Thank you for your prompt response.

Juanita