



June 13, 2012

Via Federal Express

The Honorable Bill Schuette
Attorney General for the State of Michigan
G. Mennen Williams Building, 7th Floor
525 W. Ottawa St.
Lansing, MI 48933

Re: Request for a Grand Jury Investigation into corruption and violations of State law committed by the Farmington Public School Board relating to its sale of Eagle Elementary to the Islamic Cultural Association

Dear Sir:

Concerned citizens of the Farmington Public School District possess information corroborating charges of bribery, acceptance of illegal campaign contributions, circumvention of the Open Meetings Act, violations of approved governmental practices promulgated by an Attorney General Opinion dealing with the sale of public property, a rigged property evaluation, inside dealing, and the misuse of public office committed by some members of the Farmington Public School Board. These concerned citizens are willing to cooperate with your office.

In February 2011 you made public corruption a priority of your administration by creating a new Public Integrity Unit to ramp up the fight against corruption in state and local governments to restore the public's trust in government.

I am confident that you will find that a fog of corruption has indeed enveloped the Farmington Public School District relating to its 2011 agreement to sell the Eagle Elementary School to the Islamic Cultural Association (hereinafter "ICA"), and that this fog of corruption can only be pierced by a grand jury investigation and the use of other investigative tools in the law enforcement arsenal of the Attorney General's Office.

Accordingly, please accept this letter as a formal request by the Thomas More Law Center, on behalf of these concerned citizens, that your office conduct an investigation into the circumstances surrounding the sale of Eagle Elementary School to the ICA.

Eagle Elementary

Eagle Elementary School is located on prime real estate property. In 2008 it was appraised to be worth over \$2 million dollars. The school sits on the corner lot of a commercially viable intersection at 14 Mile Road and Middlebelt Road. Although the property falls within the Farmington School District, it is actually located within West Bloomfield Township. The land is zoned "R-15" which permits a variety of uses such as single-family

homes, private schools, and day care centers, in addition to the special land uses for a church or a house of worship, a public library, public use, cemetery, child care center, or senior housing. The property may also be considered for limited commercial development. The zoning of the Eagle Elementary property made it unique from all other vacant school property held by the Farmington Public School District, which was comprised of properties solely available for residential use.

August 2009 to January 11, 2011

In August 2009, the Farmington Public School Board began its efforts to restructure the school district. The Farmington Public School Board appointed a committee called the "Facilities Study Team" (hereinafter "FST") to advise the board of factors and options regarding potential school closings to save the school district money. After over 1,200 man hours invested by the FST, the FST compiled its recommendations. (Ex. 7). FST did not recommend the closing of Eagle Elementary due to its large size and the enormous costs the closing of Eagle Elementary would impose on the school district. (Ex. 3). At the same time FST conducted its studies, the school board engaged the services of its legal counsel, Miller, Canfield, Paddock and Stone (hereinafter "Miller Canfield"), to research and prepare materials pertaining to the sale of Eagle Elementary. (Ex. 9). In November 2009, according to invoices to the district from Miller Canfield, there were 18 entries relating to the disposition of Eagle Elementary as far advanced as the review of deeds, possible use or other property restrictions, the ordering of title searches, and a memo "regarding [the] ability to discontinue use for school purposes and make sale to private developer." (Ex. 9).

When the Farmington Public School Board requested to review the findings of the FST, members of the school board were disappointed that the FST opposed the closing of Eagle Elementary. FST was directed by the school board to compile further options specifically including the closing of Eagle Elementary. The FST then presented four additional, but not recommended options in an addendum to its initial report. (Ex. 9). Only one of the options presented by the FST (not recommended "Option D") called for the closing of Eagle Elementary. (Ex. 8, 9). On February 24, 2010, the School Board, in the face of the FST's and the community's aversion to the closing of Eagle Elementary, voted in favor of Option D and the closing of the school.

For approximately one year, the school district received numerous inquiries to purchase the Eagle Elementary property. Brokers "inundated the district with phone calls" stating that they wanted to list the site or "had" buyers for the property; however, the school district summarily turned all interested brokers and buyers away, telling them and the rest of the public that Eagle Elementary was "not for sale." (http://www.farmington.k12.mi.us/pdfs/demolition_board_report.pdf, Ex. 19). During that December 7th, 2010 meeting, it was noted that several potential buyers wanted to purchase Eagle Elementary, including a faith-based organization, a parochial school in Toledo, an academy for autistic and specially challenged students, an office space rental building, and a day care center.

All of these parties were summarily turned away by Farmington Public Schools, despite the fact that the district acknowledged in the executive summary presented at this December 7th, 2010 meeting that it had discussed permitted uses for the Eagle property with the West Bloomfield Township planner and that special land uses included private schools and daycare/child care centers.

The district's discussions with the West Bloomfield Township planner demonstrate that the district was contemplating the sale of Eagle before and contrary to its public pronouncements that Eagle was recommended for demolition. The district's inquiries with West Bloomfield Township regarding use potential for the Eagle property are consistent with the recommendations in the report that the board reach a determination with respect to the sale of the closed buildings, yet there was never any Farmington Public Schools recommendation to sell the closed properties.

One of the parties to contact the school district interested in purchasing the Eagle Elementary property referred to as the "Parochial School in Toledo" was the Congregation Mesivta of Toledo. Since the school district summarily turned away the Congregation Mesivta of Toledo as a potential buyer, the congregation paid over \$1 million for a less desirable piece of property in West Bloomfield. The plot purchased by the Congregation Mesivta of Toledo was approximately *half* the size and in a less desirable location than the Eagle Elementary property, yet the land sold for a near identical purchase price as Eagle Elementary to the ICA. (Ex. 11).

On the morning of January 11, 2011, Cheryl Cannon, the Executive Director of Operational Services for Farmington Public Schools received an email from the ICA regarding the purchase of Eagle Elementary through the ICA's real estate broker, Dan Blugerman. (Ex. 12). The email referenced prior discussions for the sale of Eagle Elementary, and requested for the ICA to walk through the property in anticipation of purchasing Eagle Elementary to convert it into a House of Worship. (Ex. 12).

In the evening of January 11, 2011, the School Board convened in a closed meeting in violation of the Open Meeting Act, claiming "negotiations" as the reason for withholding the discussion from the public. The School Board also held an open meeting that night and publicly voted to demolish Eagle Elementary. (Ex. 15).

During the open meeting, School Board Member Howard Wallach stated "We have not received one proposal to purchase any of the buildings that we're talking about demolishing today. Not one. You would think that after the decision was made . . . , we might have gotten one proposal about that." This statement was made with the knowledge that all other interested buyers were turned away, told the property was not for sale, and never invited to submit a proposal. This statement also conflicts with the public statements made at the December 7, 2010 meeting that the school board had been "inundated" with interest in the property.

At the same meeting, School Board Member Tim Devine, an attorney who resigned from the board after serving less than one year and before the sale of Eagle Elementary was finalized

with the ICA, felt the need to add, "My support for this resolution [to demolish Eagle Elementary] is based upon our collective expression that we are not selling the properties at this time."

January 12, 2011 to May 21, 2011

On January 12, 2011, Cheryl Cannon responded to Dan Blugerman's email and stated that the School Board publicly voted to demolish Eagle Elementary. That same day, Dan Blugerman drafted a written expression of interest to purchase Eagle Elementary. (Ex. 16). On January 13, 2011, Dan Blugerman sent the expression of interest to Cheryl Cannon and wrote, "After explaining the FPS Board decision to ICA they asked me to draft the attached proposal [to purchase Eagle Elementary]." (Ex. 16). The ICA in its expression of interest offered the school district \$850,000 for the property.

In the following months, the School Board continued to turn away all other offers (with the exception of the ICA's offer), and took action in completing the sale of Eagle Elementary to the ICA- but expressly withheld any information of the potential sale from the public. On January 14, 2011, Cheryl Cannon contacted Miller Canfield to procure an appraisal of Eagle Elementary. The appraisal was then kept private as privileged, attorney-client communication. In the Miller Canfield attorney's request for the appraisal, he informs the appraisal company that the user will be acquiring the property for use as a cultural center, as was the stated intent of the ICA as expressed earlier to the school district by Dan Blugerman.

On January 27, 2011 Cheryl Cannon coordinated the appraisal with the Farmington Public Schools' Facilities Architect, Ronald Aten, by email and informed him, "Ron - this is the gentlemen doing the appraisal of eagle. **No one really knows we are having the property appraised.**" (Ex. 20). The appraisal is completed for the effective date of February 1, 2011 and grossly undervalued Eagle Elementary. (See Statement of Allegations at 9-13, Ex. 21, Ex. 24, Ex. 25, Ex. 5). The appraisal claimed that the Eagle Elementary property should sell for \$1.1 million, when three years prior a different appraisal company estimated that the property would realize more than \$2 million. (See Statement of Allegations at 8-13, Ex. 21, Ex. 24, Ex. 25, Ex. 5).

The very next day on January 28, 2011, Cheryl Cannon turned away Joseph Novitsky, a developer who emailed the district with interest in Eagle Elementary, stating that the property was not marketable at this time. During the February 15, 2011, the School Board publicly discussed the email from developer Joseph Novitsky and dismissed his interest in Eagle Elementary, again claiming that the property was not marketable at this time. No communications with the ICA were ever discussed, even though the district received a written offer to purchase, an appraisal was conducted specifically for the ICA as a buyer, and the school district funded all of the legal expenses for the drafting of the ICA's purchase agreement and appraisal. (Ex. 9).

On May 11, 2011 the ICA delivered a signed purchase agreement to the school board for the exact amount of the school district's appraisal, \$1.1 million. (Ex. 22). On May 12, 2011, Cheryl Cannon sent a memorandum to the school board stating, "As you know, the District was approached in January 2011 by the Thomas A. Duke Company, as represented by Dan Blugerman, with a written offer from the Islamic Cultural Center (ICC [a/k/a ICA] . . . for the purchase of the subject elementary school property in the amount of \$850,000." (Ex. 22). The memorandum lists all of the terms of the purchase agreement drafted by the school district's attorneys: that the property would be sold for \$1.1 million, that Farmington Public Schools would pay for all legal expenses to Miller Canfield and the appraisal costs of the property, that the zoning requirement of the property permitted uses as a cultural center, a preschool, a daycare, and a house of worship, and that both parties were to deposit \$20,000 in escrow as consideration of the sale. (Ex. 22). The purchase agreement also instructed that the ICA deposit an additional \$30,000 after 120 days after the school board's approval of the purchase agreement, otherwise ICA's deposits would be forfeited. (Ex. 22).

On May 22, 2011, after the school district had kept the sale of Eagle Elementary to the ICA quiet for months, and the school board kept any and all discussions of the sale from the public and behind closed doors, the Farmington Observer first broke the news of the proposed sale. The sale of Eagle Elementary then first appeared on the school board's agenda for May 24, 2011. (See <http://westbloomfield.patch.com/articles/live-blog-farmington-school-board-considers-sale-of-eagle>) ("Officials first presented the sale on a public agenda May 24, but the offer was made in January.").

Again on May 24, 2011, the school board held a closed meeting in violation of the Open Meetings Act, citing "negotiations" as its basis for withholding the meeting from the public. On May 26, 2011, the Farmington Observer reported that Cheryl Cannon was being "repurposed," and Ronald Aten was retiring- two individuals instrumental in the sale of Eagle Elementary to the ICA.

On June 14, 2011, the school board once again held a closed meeting in violation of the Open Meetings Act claiming "negotiations" for the basis of its need for private dealings. The school board also held a public meeting. In an unprecedented demonstration of public concern, approximately 200 people appeared for the school board meeting. People jammed into the lobby and spilled out into the parking lot. The meeting went until the early morning of June 15, 2011 with numerous members of the community speaking out against the sale of Eagle Elementary to the ICA. After listening to the public comments, the board voted in favor of the sale of Eagle Elementary to the ICA. The legal documents evidencing the sale reflect that board member Deborah Brauer actually signed the purchase agreement with the ICA on June 14, 2011, which would have been prior to the public and unanimous vote to sell the Eagle Elementary property. (Ex. 4).

Campaign Contributions

On October 16, 2011, two days prior to the school board's vote on whether to extend the 120 day period for the ICA to render an additional \$30,000 deposit, ICA members threw a

fundraiser for School Board members Karen Bolsen and Howard Wallach who faced re-election in November of 2011. (Ex. 22, Ex. 1, Ex. 2). The fundraiser hosted at the home of Rana Khalaf, youth director for the ICA, and attended by Dr. Nabil Suliman, a member of the ICA's Board of Directors and an influential party in the sale. (Ex. 4). At the fundraiser, Dr. Nabil Suliman contributed \$2,000 to the campaign of Karen Bolsen- which was illegally in excess of the per capita limitation for school board campaign contributions. (Ex. 1). Others who publicly spoke out in support of the sale to the ICA contributed to Karen Bolsen's campaign at Rana Khalaf's fundraiser, such as Syed Shah and Asim Khan. (Ex. 1, Ex. 30). Howard Wallach also benefitted from the fundraiser and collected donations. (Ex. 2). On October 18, 2011, the school board indeed voted to extend ICA's purchase agreement thereby excusing any forfeit of ICA's deposits. On January 12, 2012, the ICA received title to the Eagle Elementary property. (Ex. 4). The payment from the sale is currently unusable to the district and being held in escrow due to pending civil litigation.

The mishandling of and illegal activity tangled within the sale of Eagle Elementary, along with the Farmington Public School Board's decision to hide the sale from the public's eye **"compromises the integrity of government and violates the public trust"** and compels action by you, the Attorney General of the State of Michigan. Enclosed please find an Executive Summary which summarizes potential criminal charges pertinent to your office's investigation, a complete statement of allegations, and exhibits containing 442 pages of supporting documentation.

Very truly yours,

THOMAS MORE LAW CENTER



Richard Thompson
President and Chief Counsel



Erin Mersino
Trial Counsel

Enclosed:

- 1) Executive Summary
- 2) Statement of Allegations
- 3) Exhibits