



**Miami-Dade Commission on Ethics & Public Trust**

**Investigative Report**

**Investigator:**

Case K13-136	Case Name: Steven Alexander	<u>Date Open: October 29, 2013</u>	<u>Date Closed:</u>
Complainant(s): COE	Subject(s): Steven Alexander	<b>CASE CLOSED</b>	

Date: 3/18/2015

**Allegation(s):**

COE received some information alleging that Steven Alexander (Alexander), upon being hired by the City of South Miami to serve first as interim city manager, and then permanent city manager, violated the “reverse two-year rule” by having effective oversight over a city contractor for which he previously served as a paid contractor.

**Relevant Ordinances:**

Respondent is alleged to have violated Section 2-11.1 (x) of the Miami-Dade County Conflict of Interest and Code of Ethics ordinance, which reads in relevant part: *No person included in subsections (b)(5)[departmental personnel] and (b)(6) [employees], who was previously employed by or held a controlling financial interest in a for-profit firm, partnership or other business entity .... Shall, for a period of two years following termination of his or her prior relationship with the business entity, perform any County contract-related duties regarding the business entity, or successor in interest, where the business entity is a County bidder, proposer, service provider, contractor or vendor. [...] Notwithstanding the foregoing, the provisions of this subsection (x) shall not apply to the County manager or the Director of Procurement*

*Management.*

Section 2-11.1 (a) extends the applicability of ordinance to the municipalities of Miami-Dade County.

**Investigation:**

*Interviews*

**Steven Alexander**, City Manager for the City of South Miami, on March 5, 2015, 2 p.m., at the offices of the Miami-Dade Commission on Ethics (COE). Also in attendance as counsel for Alexander were **Murray Greenberg** (Greenberg) and Dan Gelber (Gelber), both of Gelber, Schachter and Greenberg, P.A., and COE Advocate **Michael Murawski** (Murawski).

**Summary of Interview**

Alexander stated that he served as interim city manager for the City of South Miami beginning in January 2013. He signed a two-year contract to serve as city manager in August 2013. He further stated that he had served earlier as city manager of Cutler Bay from 2006 until June 2012, leaving a gap of about six months between leaving Cutler Bay and joining South Miami as interim city manager.

Alexander explained (with Gelber periodically augmenting from notes throughout the conversation), that an agreement was signed between Cutler Bay and Ygrene Energy Fund, Inc. (Ygrene), in August 2011. Alexander said that the agreement was sought as part of a program called Property Assessed Clean Energy (PACE). Alexander described PACE as a “programmatic concept,” as opposed to an actual corporate or legal entity, and Ygrene, a for-profit company, as the “implementer” of the PACE concept.

The PACE concept is to provide financing to property owners for energy-efficient and weatherproofing upgrades, such as solar panels, reflective roofs and hurricane shutters. Unlike most home improvement loans, repayment of which is an obligation of the homeowner, PACE financing is attached as a lien on the property itself, and is repaid in conjunction with the homeowner’s mortgage loan. PACE financing, then attaches to the house rather than the owner. If the owner subsequently sells the house, the new owner assumes the responsibility of continuing repayment of the PACE loan.

Ygrene’s role is to provide financing to pay for contractors to do the property upgrades, to complete the arrangements imposing the lien on the property, and to establish the repayment format for the home improvement loan. Alexander explained that it is up to the homeowner to select a contractor, but to take advantage of PACE financing the contractor must be approved for the work by Ygrene.

Ygrene itself is not subject to competition for its service by virtue of its exclusive agreement with the Town of Cutler Bay, and the six other cities that eventually joined the program by inter-local agreement. Home owners could have the work done by non-Ygrene affiliated contractors, but would not be able to utilize the PACE loan program.

Alexander and Gelber stated that six to seven other mayors in the area expressed a desire to join the compact as it was originally being drawn up between Ygrene and Cutler Bay. They said that Ygrene sought to include more cities beyond Cutler Bay to create a delineated contract territory that was large enough to make the economic projections work.

This led to an inter-local agreement between Ygrene and seven Miami-Dade cities forming the so-called "Green Corridor:" Cutler Bay, Palmetto Bay, Pinecrest, South Miami, Coral Gables, Miami Shores and Miami. Miami was the final city of the seven to join in August 2012.

Alexander said that he became a paid independent contractor for Ygrene that same month, which was two months after his departure from Cutler Bay. He said that by the time he signed on, all of the present cities had joined the inter-local agreement. Alexander said his role was to explain Ygrene's program to other governmental entities throughout Florida. He said he never lobbied the original seven Green Corridor cities or any others in Miami-Dade County on behalf of Ygrene. Most of his efforts, he said, were targeted to Broward and Lee counties.

Upon going to work for South Miami, Alexander said he ceased all activity on behalf of Ygrene. Asked about a local issue over Ygrene's use of the City of South Miami's logo in Ygrene's direct-mail advertising campaign in the city, which surfaced around August 2013, Alexander said the discussions over the matter were primarily between Mayor Philip Stoddard (Stoddard) and Ygrene representatives, with he, Alexander, only being copied on the e-mail exchanges.

Alexander said that although he had ended his relationship with Ygrene when he took on the role of interim city manager in South Miami, a contract dispute over money between Ygrene and him remained unresolved. To eliminate any confusion, Alexander said, he publicly disclosed that when the dispute was settled, he might be receiving additional money from his earlier work for Ygrene, but which would not arrive, if it did, until after he began work with South Miami. [The investigator has contemporaneous recollection of that public disclosure.] "I didn't want that confusion to be there" that he was still on Ygrene's payroll after signing on with South Miami, Alexander said in this interview.

Alexander and Gelber said South Miami joined the inter-local agreement with Ygrene in July 2012, which would be after Alexander left Cutler Bay, and before he began work as a contractor for Ygrene.

*Document/Audio/Video Review:*

- Copy of the amended **Inter-local Agreement** between the seven cities listed above, and Ygrene. The document, among other things, identifies the Green Corridor Property Assessment Clean Energy District (the District) as a separate legal entity, pursuant to Section 163.01 (7) Florida Statutes, and allows for the creation of a District governing board. The execution date of the agreement is July 24, 2012. The document was signed on behalf of Cutler Bay by then- and current Town Manager Rafael Casals.
- Copies of Steven Alexander's interim and permanent contracts to serve as South Miami City Manager. The interim contract (Resolution 253-12-13810) was passed and adopted by the South Miami City Commission on December 14, 2012. The permanent contract (resolution 136-13-13954) was passed and adopted by the South Miami City Commission on June 24, 2013.
- Copies of e-mails among Alexander, Jennifer Korth (Korth), Grants and Sustainable Initiatives Administrator, City Manager's Office, South Miami; Danny Mangan (Mangan), Ygrene Energy Fund (title not indicated), and South Miami Mayor Philip Stoddard. The e-mails are dated from Aug. 1, 2013, to Aug. 13, 2013. The messages generally address the use of the city's logo and the inclusion of a letter from Stoddard in a direct-mail marketing campaign Ygrene was planning for South Miami homeowners. The final approval for both was to come from Stoddard, while Korth, under Alexander's direction, facilitated the project on behalf of the city.

(Description of item reviewed including date)  
Summary of findings

## Analysis

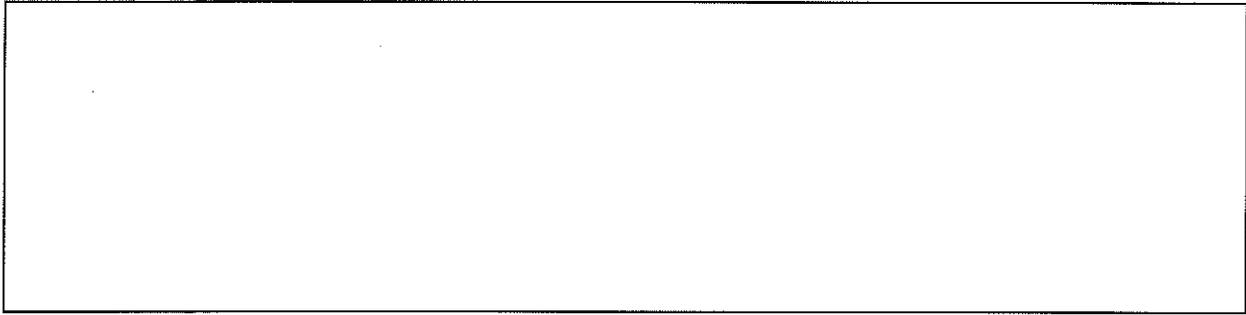
A local furor in South Miami over Stoddard's approval of a Ygrene advertising campaign without securing the approval of the entire South Miami City Commission drew attention to Alexander's activities on behalf of Ygrene before he assumed the role of city manager. Specifically, a question arose whether Alexander had violated the so-called "reverse two-year rule" excluding city administrators from any kind of supervisory or administrative role over contracts between the city and the administrator's former employer. It is noted that 2-11.1(x) specifically excludes the [City Manager], however, had Alexander favored Ygrene in some way to benefit himself, it could be an exploitation of his official position.

Investigation and interviews with the respondent have determined that Alexander was in fact a paid, independent contractor for Ygrene during a portion of the gap between his times of employment with Cutler Bay and with South Miami, a period of about six months. As Cutler Bay city manager, Alexander played a role in establishing the framework of the Green Corridor PACE District. The chronological dates provided by Alexander and his counsel indicate that the final inter-local agreement was forged before Alexander began working for Ygrene. Alexander said his work for Ygrene did not include Miami-Dade County or its cities, but rather entities outside of Miami-Dade County, most notably Lee and Broward Counties.

Alexander said he concluded this work when he became South Miami City Manager in January 2013, although a lingering contract dispute, once resolved, might mean he could still receive payment for work done before leaving Ygrene.

The e-mail thread obtained from the City of South Miami indicates that Alexander was not entirely detached from matters involving Ygrene, as he was involved in helping Ygrene design its direct mail campaign for South Miami homeowners, although Stoddard was the ultimate decision maker in the matter. However, it was noted that Ygrene did not have a "contract" with South Miami, merely an inter-local agreement. Ygrene did not provide any goods or services to the city and the city did not pay any money to Ygrene.

Accordingly, it appears as though there was no "contract" for Alexander to oversee. Ygrene was not a city vendor, provided no goods or services to the city and received no payments from the city. There is no indication that Alexander either exploited his official position in any way to benefit Ygrene or engaged in any conflicting behavior involving Ygrene and the City of South Miami. Accordingly, this matter is closed with no further action.



(Signature)

Robert Steinback, COE Investigator

Approved by:

Michael Murawski, Advocate

Joseph Centorino, Executive Director

3/18/15

Date Closed