



Miami-Dade Commission on Ethics & Public Trust

Investigative Report

Investigator: Karl Ross

Case K17-008	Case Name: Glenn Rice-Cesar Mestre Payments	Date Open:	Date Closed:
Complainant(s):	Subject(s): Glenn Rice, Hialeah Mayor Carlos Hernandez, Miami Lakes Councilman Cesar Mestre, Hialeah Public Works Director Armando Vidal, et al.	Feb. 6 2017	<p align="center">CASE</p> <p align="center">CLOSED</p> <p>Date: <u>4/25/17</u></p>

Allegation(s):

Information was brought to the attention of COE that former Hialeah police officer Glenn, Rice, a former political operative and ally of Hialeah Mayor Carlos Hernandez, may have benefited from a number of City payments to Miami Lakes Councilman Cesar Mestre, made through Mestre’s legal practice in an attempt to conceal the payments.

The purpose of this inquiry was to determine the purpose of these payments – i.e., whether they were of a legitimate nature (served a public purpose or not) and whether any such services were actually performed under terms consistent with commercial norms – as well as to detect any violations of the Miami-Dade County Ethics Code or other applicable rules or laws.

The above scenario came to light as a result of a previous COE inquiry (K15-047) into whether payments to Rice from solid waste firms were related to a pending procurement item.

Relevant Ordinances:

Miami-Dade County Code, Sec. 2-11.1(g), Exploitation of official position prohibited, stating in applicable part that no person ... “shall use or attempt to use his official position to secure special privileges or exemptions for himself or others ...”

The Hialeah charter states in Section 1.04, titled *Powers of the city*, subsection (c)(1), *Spending limitations*, that: “No contract, purchase, agreement, purchase order, requisition or other

transaction involving the expenditures of more than \$25,000 shall be valid without city council approval. The city council, by ordinance, shall set spending limits within the range of \$15,000 and \$25,000 for a contract, purchase agreement, purchase order, requisition or other transaction involving the expenditure of municipal funds, that does not require city council approval.”

Investigation:

Interviews

Grant Smith, Outside Counsel to Progressive/ WSI

Interview at the office of Robert Buschel

April 7, 2016

Mr. Smith advised he served as a lobbyist and primary liaison between Progressive Waste and the City of Hialeah during the RFQ/RFP process and during the implementation of the contract following Progressive’s successful proposal. Mr. Smith said that Rice was someone he bumped into around Hialeah \City Hall, going in and out of public meetings, and that he might have sat in on one or more pre-bid meetings. He said he frequently saw him in the company of Mayor Hernandez, his chief of staff (Alonso), and Public Works Director Vidal. He said it struck him as odd that Rice was one of the few Anglos who seemed to be working for the city. He said he later was told Rice was not a city official, just a friend and political advisor to the mayor. He said Rice often claimed to speak or act on the mayor’s behalf.

Mr. Smith said Progressive has a huge investment in Hialeah, and that its Hialeah offices and depot serve as its “brain center” in South Florida. He said the firm is interested in protecting its reputation and doing things the right way. He said Progressive began doing business with the City of Hialeah in about 2013 when it won an Invitation to Bid to process curbside recycling materials and split the proceeds with the city. He said that Progressive then went after the city’s residential solid waste contract when the RFQ/RFP process began.

With respect to Rice, Smith said, “He was just everywhere all the time.” He said he initially “didn’t have any idea who he was.” He said late in the RFQ/RFP process he finally asked somebody who Rice was and was told, “Oh, he’s the mayor’s advisor.” He said he didn’t have any real interaction with Rice until after Progressive had won the contract and was starting to work on a plan to transition over from city waste collections. “He always introduced himself as the mayor’s envoy, as representing the mayor.” He said he was frequently in the presence of the mayor’s Chief of Staff, “Arnie” Alonso.

Mr. Smith said Rice would often sit in on “technical meetings” when the mayor and Vidal couldn’t attend. He said that in addition to Vidal, the city named Yasmani Diaz as the city’s superintendent of solid waste. He said Rice had no qualification or expertise on solid waste matters, and that even Vidal, whom he regarded as a very capable administrator, admitted that he knew very little about the solid waste industry. Even so, Mr. Smith said Rice would often provide input on behalf of the city about how to provide services.

Mr. Smith said Progressive assumed control of operations on the first Monday in November 2015 (Nov. 2), and that there was a lot of pressure to make sure things went smoothly.

Progressive used similar methods to the city initially (semi-automated), and did not roll out its own containers and technology until the following March. He said that prior to the transition, on about Oct. 15, Smith said he got a call and was told “the mayor wants to see the new trucks.” He said he was told city officials wanted to “touch and feel” the vehicles, but that when the meeting commenced, the mayor was absent but Rice showed up with Vidal and Diaz. (He has a photograph of that meeting.) He said there were numerous occasions when Rice claimed to speak on behalf of the mayor, saying, for example, “the mayor needs this to happen (i.e., improve on missed pickups) ... because of complaints.” He said that Rice drove around the city with Vidal “for days” after Progressive assumed the operations.

Mr. Smith advised that he had a meeting at Hialeah City Hall the previous day (April 6, 2016) to discuss service issues, what he called legitimate concerns surrounding the new operational methods beginning March 1st using automated front-loading machines (AFLs). He said that there had been an uptick in complaints with 272 missed pickups for the month. He noted that this equaled less than one-tenth of 1 percent of all pickups – out of roughly 367,000. He said he went to the mayor’s conference room and that City Attorney Lorena Bravo, Diaz and another woman, Lissette Franco (the mayor’s former secretary and assistant to Vidal), were there. He said the mayor was upset and that he was within his rights to be so. He said that a couple of minutes after the meeting started, Rice and “Arnie” Alonso entered the room and sat at the table. He noted that Rice is the kind of person who “creates tension.”

When asked to explain complaints about missed bulky waste pickups, Mr. Smith said one of Progressive’s operations managers explained that in the spring people do more yard work and more bulky waste volume means more trips and interrupted routes and that this sometimes leads to problems. He said that Rice “barked” at the manager, saying: “How could you not know there was going to be more volume? I knew that.” Smith said that when Rice was asked how he knew this, Rice replied: “Your competitors told me.” He said that later when the Progressive manager resumed talking, Rice muttered an expletive under his breath.

He said that at the conclusion of the meeting, his manager went over to shake Rice’s hand, and Rice refused to do so, saying he wouldn’t because “I have to worry about the mayor’s politics, and you don’t have to worry about the mayor’s politics.” He said that Rice then spoke to him, saying: “Grant, at the last commission meeting, I said you guys were doing a good job. But now I take that back.” He said the manager’s name is John Heinemann.

Mr. Smith said that on another occasion, he and Heinemann were asked to meet the mayor at 6 a.m. at the city’s main garbage facility to discuss the hiring of Hialeah employees as drivers for Progressive. He said they showed up at 6:03, a few minutes late. He said that Mayor Hernandez was not there, but that Rice was there and was incensed they were tardy. He said that Rice chest bumped Heinemann and yelled, “We told you the mayor was going to be here and you’re late. You don’t have any respect for the office of the mayor.”

Sworn Statement of Mayor Carlos Hernandez

City of Hialeah, FL

Sept. 28, 2016

The statement took place at the law office of attorney Tom Cobitz, located at 2555 Ponce de Leon Blvd., Coral Gables, FL. A brief synopsis of the mayor's statement, as it relates to the solid waste issue, revealed the following information:

- The mayor said he considered Rice an old acquaintance from his days as a Hialeah police officer. He said that after he became the interim mayor, Rice got involved with his political campaign, serving variously as an "ally," a "political informant" or, as he also described him, as "a snitch." He said Rice's activities on behalf of his political campaigns were unpaid, though the mayor said he didn't know if Rice received any payments through Citizens for Efficient Government, a PAC Rice founded.

The mayor said Rice had no role, official or otherwise, in overseeing the awarding of the city's solid waste collections contract. The mayor said he was aware that, once the contract had been awarded to Progressive Waste, Rice was involved in overseeing the performance of the privatized collections during the implementation period. "I think he volunteered," the mayor said, referring any further inquiry to Public Works Director Armando Vidal.

More specifically: At about the 5 minute, 40 second mark of the September 28 interview with Mayor Hernandez, the mayor was asked if he was aware of any official involvement by Rice with respect to the "roll out" of the City's privatized solid waste services.

Mayor Hernandez said: "You need to ask that question ... *I think he volunteered something afterwards* ... once we had – what's the word? – implemented the whole thing, I know that he assisted our director of public works ... and I think that he could better answer the question ... Armando Vidal can give you better information on that."

He went on to say that he had no objections to Rice acting in this capacity, but indicated that he had no idea that Rice was getting paid by Progressive Waste and other solid waste firms involved in a recent RFP at the time that Rice was providing assistance to the City.

During the course of the interview, Mayor Hernandez went on to state the following:

- The mayor claimed he never authorized Rice to act on his behalf or call meetings with Progressive Waste. He said that if he called a meeting with a vendor, he would appear personally or his public works director if it related to a solid waste issue.
- The mayor said he never directed any city vendors, contractors, or business owners to make payments to Rice directly or indirectly. He said Rice "never worked for me," and stated, "At least now we know how he was getting paid." He said he felt Rice "took a lot of liberties" and used the "perception" of influence "to make money."
- The mayor said he had no financial relationship with Rice.

Glenn Rice, subject of investigation

Oct. 28, 2016

During a phone call, Rice advised that he performed services for the City of Hialeah through Miami Lakes Councilman Ceasar Mestre, an attorney, and that Mayor Hernandez was aware of these payments. He said the payments were requested through the city's public works director, Armando Vidal, as well as through its HR director, Geileen Perez. He said that in addition to providing oversight of the city's newly privatized solid waste services, he also conducted some inquiries relating to personnel matters, though he declined to provide details. It should be noted subsequent attempts to contact Rice and request his assistance with this matter were unsuccessful as Rice stopped returning phone calls from this investigator.

Sworn statement of Arnaldo "Arnie" Alonso, Chief of Staff

Mayor Carlos Hernandez

City of Hialeah, FL

Nov. 28, 2016

Mr. Alonso advised that following the awarding of the contract to Progressive Waste, Rice began attending meetings between city officials and Progressive to implement the transition plan for the collection of solid waste from the city's employees to the private firm. He said he was not aware of any work product that Rice produced, adding nothing was submitted to him. Alonso said his involvement with the transition was mainly to ensure there were no missed pickups, and that citizen complaints were addressed in a timely fashion.

Mr. Alonso stated he had no knowledge, at the time of the roll-out, of any payments to Rice from the city for his involvement in overseeing the solid waste contract. He said he learned about the payments (to Rice) after COE submitted a public records request – seeking records pertaining to any payments to Councilman Mestre's law firm. He said that Vidal, as director of public works, would be in charge of overseeing the contract. He said he felt Vidal was more than capable of handling this responsibility. He said that public works had also assigned an employee (Yasmani Diaz) to act as the supervisor of solid waste operations.

Mr. Alonso said he could not think of any reason for the city to hire an outside attorney or investigator to oversee Progressive's performance. He said he mentioned the matter to Mayor Hernandez, but that they mayor did not say anything in response to his query. He said that all expenditures over \$15,000 must be approved by the city council, per the charter. He said any payments below that threshold must be approved by the city's procurement director, Angel Ayala. He said he does not know if the mayor was aware of the payment to Mestre.

Evelyn Roig, Town Clerk

Town of Davie, FL

Jan. 17, 2017

Ms. Roig was asked about a public records request made to the Town of Davie in late 2014 from Ceasar Mestre on behalf of the City of Hialeah. She said she recalled the request because she used to work for Miami Lakes and knows Mestre as an elected official there. She said she would obtain a copy of the request and try to determine whether Glenn Rice was involved in making the request or meeting with the town's public works director at that time. Roig later contacted COE to affirm that Rice was involved in the records request.

Eliel Flores, Records Supervisor

Miami-Dade Human Resources Department

Phone: (305) 375-4169

Jan. 17, 2017

Mr. Flores was asked to research any inquiry made into former Miami-Dade Public Works employee Sunil D. Shivbaran, as part of a City of Hialeah background screening in 2015. He said Glenn Rice did make a public records request on behalf of the city, and that 127 pages worth of response items were provided to Rice. He was asked for a copy of the request.

Armando Vidal, Public Works Director

City of Hialeah, FL

Feb. 3, 2017

Mr. Vidal was interviewed at the office of his attorney, Gregory Denaro, at 330 Alhambra Circle, Coral Gables. He appeared voluntarily and further provided access to public records relating to the matter at hand – namely payments to the law office of Ceasar Mestre by the City of Hialeah for legal and investigative services rendered between 2014 and 2016.

Mr. Vidal said that he believed Mayor Hernandez was aware of the payments to Mestre – a Miami Lakes City Councilman and member of the mayor's "inner circle"— as well as the fact that Rice was subcontracted to handle the relevant investigative duties. He said the mayor trusted Rice to provide an independent look at matters relating to City of Hialeah affairs.

Mr. Vidal advised that several of the "jobs" originated with Mayor Hernandez and that Rice's involvement was expressly requested. He said the mayor wanted Rice to assist the public works department in monitoring issues relating to solid waste, and also to assist the city attorney in vetting a consulting firm (Matrix) the city was considering using to review its firefighters union agreement. He said that for other matters, he sought Rice's services in conducting a background check on a potential job applicant and other matters.

Mr. Vidal stressed that, in his view, the legal and investigative services provided by Mestre and Rice were justified, and that the terms of the payment for such services was within the industry norms, and that there was no padding or "phantom" payments. He further stated that

he did not believe the contracting of outside assistance in these matters violated the City Charter. In chronological order, Mr. Vidal described the "jobs" as follows:

- The invoice dated 11/12/2014 for \$1,385.08 was originated at Vidal's request, and involved due diligence on pending litigation relating to the city's new water treatment plant. He said a similar reverse osmosis plant had been built in the Town of Davie, and that similar problems arose involving Aecom, an engineering firm hired by the city to oversee construction. He said the city faced a potential liability of \$6 million as a result of a contract dispute, and that outside counsel had been retained to litigate on the city's behalf. He said that Mayor Hernandez suggested he employ Rice to conduct this due diligence, adding that: "The mayor didn't want to hire Glenn Rice directly" and that the mayor told him this could be done through Mestre's law firm. "The mayor discussed it with me; he authorized it." He said that Rice, in addition to making a public records request through the Davie Town Clerk's Office, met with the town's public works director as part of the due diligence. Mr. Vidal further advised that an added benefit of using Rice for this task was that he knew Rice would report to the mayor and the mayor would share his findings with the late Herman Echevarria, then a lobbyist for Aecom. He said that this would put Aecom on notice that it would be liable for any negligence and that its Errors and Omissions Policy might be forced to cover any overruns. He said that Aecom would seek to avoid this since it would have to be disclosed on future applications and bid documents. He said the item was also examined by the County's Office of Inspector General since the drinking water plant is a joint partnership between Hialeah and Miami-Dade County. He said a related item would be on the Feb. 7, 2017, County Commission agenda.
- The invoice dated as received on March 30, 2015, for \$5,321.11 was originated at the request of City Attorney Bravo and with the consent of Mayor Hernandez to conduct due diligence regarding the firm Matrix Consulting Group. Mr. Vidal said Matrix was a firm comprised of former police and fire chiefs, and that Bravo wanted to hire the firm during the budget process to help her to understand benefits allotted to city firefighters under the collective bargaining agreement. He noted that relations between the administration and union leader Eric Johnson were adversarial, and management was seeking to review the terms of the agreement. He said that, as part of the job detail, Rice was sent to Clearwater to talk to officials and gather information relating to Matrix, and that Rice spoke with Richard Brady, a Matrix representative. He said that Mestre submitted a report on Rice's findings on March 9, 2015, and allowed COE to inspect the report (but not copy it). He said that Matrix submitted a proposal but that City officials felt the fees were too high. He said that the scope of the contract and the fees were negotiated down, but that Mayor Hernandez decided against moving forward and withdrew an agenda item to discuss retaining Matrix's services.
- The invoice dated 8/28/15 for \$800 related to a background investigation into Miami-Dade County employee Sunil Shivbaran, who Vidal said he was considering hiring to oversee the city's cash collections as assistant director of finance. He said he tapped Rice through Mestre to handle the assignment. He said he was especially concerned since the vacancy was created when a long-time trusted employee was found to have embezzled upwards of \$30,000 from the city before her scheme was discovered. He

said it was important to ensure her replacement was beyond reproach. He said Mestre submitted Rice's findings in a letter dated Aug. 5, 2015, and that Mestre recommended Shivbaran not be hired due to a past bankruptcy and \$100,000 in personal debt. Vidal said that Shivbaran was very well regarded as an employee, but that he could not risk hiring him because of the red flags surrounding his personal finances.

- The invoice dated 11/10/15 for \$6,350 related to the "roll-out" of privatized trash collection services by Progressive waste in November of that year. He said that Rice, in this instance, was hired at the mayor's request in order to gather information about the initial performance of Progressive. Vidal said that he did not object to the mayor's asking him to hire somebody with no relevant experience in the solid waste field because he felt the mayor was acting within his authority. He showed COE a photograph taken by Rice of a missed bulky waste pick-up at the mayor's own home. A review of documents showed Rice attended two meetings with Progressive representatives and city officials and that on both occasions he signed the attendance sheet as being a representative of "the Office of the Mayor" or "Mayor's Office." He said Rice also took photos of a meeting he convened at Progressive's Hialeah office to review trucks to be used for collection. He recalled Rice got upset with one of Progressive's employees for arriving late to the 6 a.m. meeting.
- Mr. Vidal said that the invoice dated 3/30/16 for \$2,200 also involved solid waste issues. He said Mayor Hernandez wanted Rice to help look into claims that it took less time to deliver garbage to Pembroke Pines (where Waste Management operates a private landfill) than to take it to nearby County facility. He said he and Rice followed several garbage trucks and determined that, in fact, it was faster to take the garbage to Pembroke Pines, thereby reducing travel time. He said this information was necessary for the city to prepare its RFP for garbage disposal services. He said that, in this instance, "the mayor wanted a different opinion and trusted Glenn Rice." The findings were submitted by Mestre in a report dated April 15, 2016.
- Yet another assignment in 2015 related to the Villa Las Palmas zoning application, and a city official who was deposed in connection with a related civil suit. During the deposition, it was learned that David Alonso, a public works employee, had been charged criminally as an 18 year old for "attacking a school vice principal." He said that he wanted to find out if Alonso had lied on his employment application and that Rice was dispatched to conduct a background check. He said that Mestre wrote in an opinion dated Nov. 20, 2015, that no action should be taken against Alonso because he was not convicted and the records were expunged. Mr. Vidal said Mestre never submitted an invoice for this work and that, as a result, no payment was made.
- One final invoice from Mestre's law offices dated 12/18/15 for \$2,000 originated with HR director, Geileen Perez, and ostensibly was payment for background checks. Vidal stated that he could not find any supporting documents for this payment request, and that, unlike his requests for payment, the payment in this instance was from the city's general fund. The other payments, he noted, were from the water and sewer revenue fund, which has a balance in excess of \$50 million. He said he didn't consider the "Invoice" in this instance to be a legitimate invoice because it did not detail the

purpose of the payments other than "background checks."

With respect to any potential charter issues, Mr. Vidal said that per the City Charter, any payments in excess of \$15,000 would have to be approved by the City Council.

Vidal added further that, in his view, there were no charter issues raised by the payments to Mestre's law office and the subsequent services provided by Rice. He said that department heads have discretion to use outside services when deemed appropriate.

Cesar Mestre, private attorney and Miami Lakes elected official
April 4, 2017

Councilman Mestre advised he has been friends with Hialeah Mayor Carlos Hernandez since they attended the Hialeah Police Academy together in 1983. He said they went on to serve together as partners in the patrol unit and also as narcotics agents. He said they have remained close since that time, and frequently have lunch together – as often as two to three times per week. He said that he has also known Rice since about 1983, noting that Rice was also in patrol. He said that he and Rice are not as close and that he does not socialize with Rice.

Mr. Mestre said he was a Hialeah police officer from 1983 to 1987. He said he started law school in 1986, and graduated in 1989. He said he worked at several private law firms before starting his own practice in about 1993. He said he mainly handles civil litigation and family law, but that he also does some work on zoning matters. He said he did not seek approval as an authorized vendor by the City of Hialeah until sometime in late 2014 or early 2015.

Mestre said he decided to seek city vendor approval at the suggestion of either Glenn Rice or Armando Vidal, and that Rice suggested this would be a way for them to work together. He said he never discussed this with Mayor Hernandez until long after he obtained approval. He said he was approved by the city to provide legal services in an amount capped at \$13,000. "Mayor Hernandez and I never talked about any of this until after the fact," he said.

Mr. Mestre said that it was his understanding that the arrangement was to include Rice, and involve him as a private investigator and that Rice would do any work in the field. He said he also used Rice for background investigations, noting that Rice performed background checks on job candidates for the police department. He said he never considered that his law firm was being used as a way to conceal the city payments to Rice from public view. "That was never discussed," he said. "That never came up. ... I didn't give it much thought."

Mr. Mestre said that the work mainly involved the city's fire department, the privatization of solid waste services and background checks on a number of city job applicants. He said he recalled making a recommendation against hiring a Miami-Dade County employee for a sensitive public works job overseeing utility collections because of a past bankruptcy. He said all of the work involved city business and were not in any way politically motivated. He said he was not involved with any work of a political nature Rice did for the mayor.

Mestre was shown a copy of an email to his office from Rice dated Nov. 7, 2015, regarding

the privatized garbage contract oversight and indicated Rice worked a total of 34 hours at a rate of \$100 per hour. He was then shown a copy of his invoice reflecting the same 34 hours being invoiced to the city at a rate of \$150 per hour and allowed that this was a mark-up.

Mr. Mestre verified that an “invoice” on his legal letterhead for \$2,000 on or about December 2015 was a legitimate invoice. He said his letterhead does not usually include his corporate EIN number, but that he did recall sending in the invoice after getting a call from Rice reminding him that Rice had conducting background checks for the city attorney’s office on a prospective employee. He said that the work had been done under his supervision.

Document/Audio/Video Review:

On Jan. 18, 2017, COE received a copy of an email to Glenn Rice relating to a public records request for information about Miami-Dade County public works/ now ISD employee Sunil Shivbaran. The record indicated there were no Disciplinary Action Reports against Mr. Shivbaran during his tenure with Miami-Dade County and that he did not have any records on file relating to Outside Employment. Copies of Mr. Shivbaran’s latest two evaluations were also reviewed, showing that Mr. Shivbaran received an “outstanding” evaluation.

COE reviewed media reports including one published in the *Miami Herald* on Oct. 28, 2016, under the byline of Enrique Flor and Brenda Medina, which quoted Rice as saying that he was compensated by Mayor Hernandez for harassing political enemies. He said the attacks were orchestrated following Mayor Hernandez’s election in November 2011 and coincided with the formation of a political action committee, Citizens for Efficient Government, that Rice founded in 2012 and used to support the political aspirations of Mayor Hernandez.

Reports on file with the Florida Division of Elections show Rice founded Citizens for Efficient Government on Dec. 26, 2012, and served as its treasurer and registered agent. The reports also show that Citizens for Efficient Government has received more than \$360,000 in contributions since that time. It is worth noting, moreover, that Ceasar Mestre wrote a letter to the Florida Division of Elections on behalf of Citizens for Efficient Government at the time of its creation in December 2011 as an Electioneering Communications Organization.

Copies of payments and related vouchers were reviewed in response to a public records request, reflecting the following six (6) payments to the Law Offices of Ceasar Mestre:

- Invoice #1082, dated 11/12/14, re:
Dec. 18, 2014, payment of \$1,385.08 relating to legal research on the Town of Davie's reverse osmosis plant and the performance of Aecom engineering.
- Invoice #1116, received on 03/30/15, re:
April 6, 2015, payment of \$5,321.11 relating to due diligence on Matrix Consulting Group, including travel to Clearwater to talk to city officials there.
- Invoice #1160, dated 8/28/15, re:
Oct. 1, 2015, payment of \$800 relating to background investigation of Miami-Dade County employee Sunil Shivbaran.
- Invoice #1183, dated 11/10/2015, re:
Nov 1, 2016, payment of \$6,350 relating to oversight of Progressive Waste contract roll-out one year earlier, November 2015.
- Invoice #1217, dated 3/30/16, re:
May 12, 2016, payment of \$2,200 relating to solid waste disposal issue, i.e., travel time to landfills.
- Invoice #(letterhead, no number), dated 12/18/15, re:
Dec. 28, 2015, payment of \$2,000 for "background checks."

According to the invoices, the amount the City paid to the Law Offices of Ceasar Mestre, in total, is \$18,056.19. This does not include any payment for the backgrounding of a public works employee, David Alonso, as described by Public Works Director Vidal.

Conclusion(s):

Between late 2014 and early 2016, the City of Hialeah made half a dozen or more payments to Glenn Rice through the law firm of Miami Lakes City Councilman Ceasar Mestre, also a close friend and political ally of Mayor Carlos Hernandez. The payments totaling \$18,000 pertained to legal and investigative services requested by the mayor and other high-level city officials.

Although Rice at times represented himself as an emissary of the mayor and as someone acting as the mayor's "political advisor," the investigation found that the payments were related mainly to official city business such as oversight of the newly privatized solid waste contract, the backgrounding of job applicants for key positions within the city, and due diligence relating to prospective city vendors and/or consulting firms.

It should be noted that at all times material to this investigation, Rice was a known political

operative of Mayor Hernandez and had gained media notoriety for his alleged harassment of the mayor's political opponents and their campaign workers. The mayor himself described Rice as his "political informant" and "snitch" during a recent sworn statement.

It was during that same sworn statement on Sept. 28, 2016, that Mayor Hernandez claimed to have no knowledge that Rice was being paid in connection with the city's oversight efforts following the privatization of trash collection services in late 2015. The mayor stated he was aware that Rice was assisting Public Works Director Vidal in monitoring the performance of Progressive Waste, the city's private vendor. However, the mayor described Rice as a "volunteer" and deflected questions about any compensation to Director Vidal.

During an interview, Public Director Vidal advised that not only was Mayor Hernandez aware of Rice's involvement in overseeing Progressive's performance, Vidal further advised that it was the mayor himself who requested that Rice be retained in this capacity. Mr. Vidal stated that Rice was someone the mayor "trusted" and that the mayor specifically asked for Rice to be used on several occasions, including the consulting firms Matrix and Aecom.

Mr. Vidal stated that while Mayor Hernandez clearly valued Rice's opinion, "The mayor didn't want to hire Glenn Rice directly" and suggested to Vidal that Rice could be contracted through Councilman Mestre's law firm. "The mayor discussed it with me; he authorized it."

Invoices from Mestre's law practice describe work being performed as relating to "research and investigation," "legal research," "law investigator" or "background investigation." Rice, a former Hialeah police officer, is not a licensed private investigator with the state of Florida.

Based on available records, it can be estimated that at least half of the amounts billed to the city were collected by Rice, typically at the rate of \$100 per hour, while the city was billed at a rate of \$150 per hour with the \$50 mark-up retained by Mestre's law firm.

While the line between official business and political activity is frequently blurred in Hialeah and elsewhere, the investigation did not find evidence that city funds were being used to pay for Rice to conduct research of an overtly political nature.

Conclusion:

The findings were discussed with the Ethics Commission's Advocate.

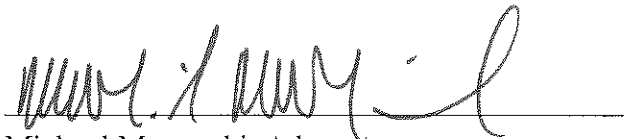
The payments to Mestre's law firm, over a three year period, ostensibly appear to be for legitimate city purposes. Each of the payments were corroborated by actual work product. Although it appears that Mayor Hernandez was less than forthcoming during a September 2016 sworn statement when he averred that Rice was assisting the city in its oversight of the solid waste contract as a "volunteer" when the findings suggest he knew otherwise, the statements do not rise to the level of a Truth in Government violation.

Mayor Hernandez however is a "strong" Mayor with the authority to authorize payments of less than \$15,000 without Council approval. Accordingly, the evidence is insufficient to support a finding of Exploitation of Official Position by Mayor Hernandez.

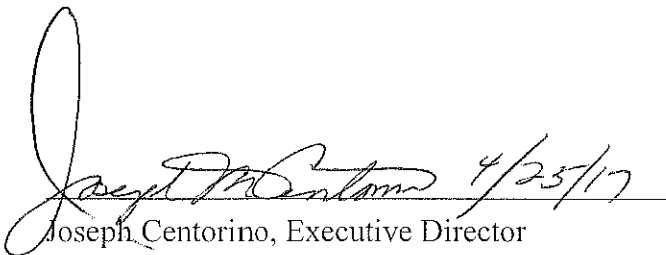
Handwritten signature of Karl Ross and the date 4/27/17.

Karl Ross, COE Investigator

Approved by:

Handwritten signature of Michael Murawski.

Michael Murawski, Advocate

Handwritten signature of Joseph Centorino and the date 4/25/17.

Joseph Centorino, Executive Director