



# Memorandum



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To: Mr. John Copeland, Chairperson, Public Health Trust of Miami-Dade County  
and Members, Public Health Trust Board of Trustees  
Dr. Eneida O. Roldan, M.D., President & CEO, Jackson Health System

From: Christopher Mazzella, Inspector General, Miami-Dade County

Date: August 26, 2010

Subject: *OIG Final Report Re: OIG Review of the Jackson Health System Business Plan for Civica Tower, Prepared January 2010, Ref. IG09-89*

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Attached please find the Office of the Inspector General's (OIG) final report regarding the above-captioned matter. This review involved examining the circumstances in which the Jackson Health System (JHS) Business Plan was prepared, authored, and distributed. By way of background, the Civica Tower Project is a project that was being proposed by the Swerdlow Development Company, LLC (the Swerdlow Group) as a mixed-use office tower that would be occupied by multiple JHS administrative divisions currently located at various on-campus and off-campus locations; physician offices; and retail components.<sup>1</sup> The office tower is intended to be located on the south side of NW 14<sup>th</sup> Street between NW 10<sup>th</sup> and 12<sup>th</sup> Avenues.

The OIG's report reveals serious concerns about the integrity and objectiveness of the business plan. Our two specific findings cast a cloud over the transparency of the proposed project. We strongly believe that before any advancement of the Civica project — or any similar project — objective data must be analyzed by unbiased professionals in order to justify such a large financial commitment by JHS.

Due to its bulk, a copy of the subject business plan can be viewed and downloaded from the OIG's website: [www.miamidadeig.org/whatsnew.htm](http://www.miamidadeig.org/whatsnew.htm). Included in the final report are the written comments received from Mr. Michael Casanova, former JHS Executive Vice-President, and the Swerdlow Group. Dr. Eneida Roldan, President & CEO of JHS, and Mr. John Copeland III, Chair of the Miami-Dade County Public Health Trust, were offered the opportunity to submit written responses but did not.

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<sup>1</sup> The proposed Civica Tower Project has since been modified to include the JHS Children Ambulatory Pavilion.

We deem this report on the *Business Plan Prepared January 2010* to be complete. As such, the OIG does not require any response or follow-up to this report. We will, however, continue to independently monitor this project and other business development projects pursued by the PHT.

Attachment

cc: Hon. Carlos Alvarez, Mayor, Miami-Dade County  
Hon. Dennis C. Moss, Chairperson, Miami-Dade Board of County Commissioners  
and Members of the Board of County Commissioners  
Robert A. Cuevas, County Attorney  
George Burgess, County Manager, Miami-Dade County  
Alina Hudak, Assistant County Manager, Miami-Dade County  
Wendi Norris, Director, General Services Administration, Miami-Dade County  
Dr. Robert Cruz, Chief Economist, Office of Economic Development Coordination  
Marlane Berg, CPA, Director, Internal Audit, JHS  
Ms. Cathy Jackson, Director, Audit & Management Services, Miami-Dade County  
Mr. Charles Anderson, Commission Auditor, Miami-Dade County  
Clerk of the Board (copy filed)  
The Swerdlow Group (under separate cover)  
Mr. Michael Casanova (under separate cover)

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

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**INTRODUCTION & BACKGROUND**

As part of the Miami-Dade County Office of the Inspector General's (OIG) ongoing oversight of Public Health Trust/Jackson Health System (PHT/JHS) activities, the OIG has been monitoring several proposals related to PHT facilities and campus development. One such proposal is the Civica Tower Project (Civica) that is being proposed by the Swerdlow Development Company, LLC (the Swerdlow Group). This report provides the status of our oversight effort and reports two findings relative to authorship of the *JACKSON HEALTH SYSTEM Business Plan for Civica Tower, Prepared January 2010*.

By way of background, the OIG distributed a memorandum dated January 13, 2010, advising the members of the Miami-Dade County Board of County Commissioners and the Mayor that we had made a request to the PHT for its staff-prepared reports or analysis regarding the proposed Civica project. The OIG was concerned that project information being distributed and commented on was one sided, i.e., it came from the side of the developer, Swerdlow. The OIG thus requested that the PHT provide us with its own reports, studies, or analysis of the project's feasibility, financial requirements, etc.

On December 23, 2009, in response to the OIG's request, we were advised by Mr. Michael Casanova, the former PHT Executive Vice-President for Business Development, that he was tasked with developing the Civica business plan and that no further commitments on the project would be recommended until after the business plan was complete. During the first week of January 2010, the OIG was advised by Mr. Casanova that PHT staff were finalizing the data requirements in order to complete their analysis of the Civica Project. In the meanwhile, the OIG learned that on January 12, 2010, a revised non-binding Letter of Intent between the PHT and the Swerdlow Group was executed by the PHT President.

A few weeks later, on January 27, 2010, the OIG was presented with one copy of a spiral-bound, tabbed, glossy color business plan whose cover page read: *JACKSON HEALTH SYSTEM, Business Plan for Civica Tower, Prepared January 2010*.

On or around the same time, members of the County Executive's office received copies of the same business plan. The County's General Services Administration (GSA) also reviewed the plan and prepared its own analysis that was critical of the proposal.

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

---

While GSA's review concentrated on the business terms, the OIG's independent review led us to question the source of the information supplied in the Business Plan and, ultimately, its authorship and production.

**OIG REVIEW & SUMMARY OF FINDINGS<sup>1</sup>**

The Business Plan document consists of five pages of typed narrative. Its premise and conclusions are supported by six exhibits that contain space planning analysis; current occupancy costs; a pro forma financial for the hospital space; two pro forma financials for the non-hospital space at different occupancy levels; site plans; the executed revised non-binding Letter of Intent; and the relevant City of Miami zoning resolution pertaining to this proposed project.

OIG reviewers noted that substantially all of the information contained in the business plan resembled data previously provided by the developer, but this time it was re-packaged in a spiral-bound, tabbed document, with a glossy cover page and proffered to have been prepared by JHS. There was no new relevant information or analyses.

Through further examination of the supplied documentation and numerous interviews with individuals connected to the Civica project, the OIG has established that:

- The PHT executive tasked with developing the Business Plan disavowed any involvement with the development, writing, and/or production of the Business Plan. In sum, he did not know who prepared it or where it came from, but had no problem with distributing it as a product of the PHT.
- The PHT Board Chairperson collaborated with the Swerdlow Group to prepare and produce the Business Plan during the time that the proposed Civica project was an official item under consideration by the PHT Board of Trustees.

These revelations cast a cloud over the transparency of the project. The OIG questions the integrity of the Business Plan in providing an independent and objective analysis of the Civica project. We are also concerned about the misleading nature of the document. It purports to be the work product of JHS

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<sup>1</sup> The OIG's review of this proposed project and the interviews that were conducted in furtherance of this review were performed in accordance with the Principles and Standards for Offices of Inspector General, as promulgated by the Association of Inspectors General.

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

---

staff, but it is not. Instead, the Business Plan is the work product of the developer, the Swerdlow Group, who seeks the County's approval of this project.

However, even more troubling to the OIG is that regardless of any good intentions and potential for public benefit, an individual charged with the fiduciary responsibility of governing the PHT collaborated with the private developer for the advancement and approval of what was an unsolicited project, and that he, himself, as the Chairperson of the Board of Trustees, would ultimately vote on its approval.

### **OIG FINDINGS**

**FINDING 1    The PHT executive tasked with developing the Business Plan disavowed any involvement with development, writing, and/or production of the Business Plan. In sum, he did not know who prepared it or where it came from, but had no problem with distributing it as a product of the PHT.**

The OIG interviewed the former Executive Vice-President (VP) for Business Development, Mr. Michael Casanova, on March 23, 2010 and again on April 12, 2010, regarding the Civica Business Plan. The PHT executive, under oath, stated that:

- The first time that he saw the Business Plan was when he returned to his office and found three copies on his desk.
- He did not know who produced the document and felt no need to know and had no interest in determining who prepared and produced the document and left the copies for him. He also stated to the OIG that he did not believe that the Swerdlow Group produced the document.
- The Business Plan is a compilation of many things that he had seen before, but he does not know who wrote or compiled it. He assumed that other members of PHT staff working on Civica must have assembled the document, but did not ask them about it.
- He does not understand the bond financing implications for the project and emphasized that he does not need to understand it in order to be able to evaluate the Civica proposal. However, he had an extensive telephone conversation with Michael Swerdlow on the bonds, the rate, the yield, variables of the issue, etc.

The OIG interviewed two key PHT executives who had some involvement with or knowledge of the Civica project. The PHT Corporate Director of Support Services stated, under oath, that he did not perform any analysis or any research

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

---

regarding Civica; he did not provide any information or contribute to the preparation of any portion of the Business Plan; and he had never seen the Business Plan until Mr. Casanova gave him a copy and asked that he review it for errors.

The OIG interviewed the PHT Property Manager who stated, under oath, that her involvement with the Civica project was limited to providing leasing statistics for both on and off campus office space. The information was requested by her supervisor, Phil Frye, the former VP of Support Services, but was given to Randy Foltz of the Swerdlow Group. She also stated that she had no involvement in the preparation or production of the Business Plan; however, when extra copies of the document were needed, she contacted Randy Foltz of the Swerdlow Group to obtain extra copies of the Business Plan.

The OIG has also ascertained that Mr. Casanova's office had distributed copies of the Business Plan to George Burgess, County Manager; Alina Hudak, Assistant County Manager (ACM); and Wendi Norris, the County's GSA Director. OIG agents have confirmed with ACM Hudak and Director Norris that they each received a spiral-bound, glossy, color Business Plan from Mr. Casanova's office.

Further, the County's Chief Economist advised the OIG that he received a copy of the Business Plan. He also received a letter dated February 3, 2010, from Mr. Casanova stating:

Our ability to lease third-party space is fully set forth on Page(s) 4 and 5 of our Business Plan. I believe you have been delivered a copy of this Plan by Mr. Swerdlow's office.

The Chief Economist advised the OIG that the Business Plan and the PHT letter were unsolicited and had arrived while he was reviewing the Swerdlow Group's application for an award of Industrial Development Authority bonds.

The OIG is troubled that the former Executive VP for Business Development would distribute a document entitled *JACKSON HEALTH SYSTEM, Business Plan for Civica Tower, Prepared January 2010*, not knowing or caring where the document came from, who prepared it or who produced it, and would distribute copies to Miami-Dade County officials for their reliance and review. Additionally, it becomes clear that the Swerdlow Group— not the PHT — is the "owner" of the Business Plan, a plan that purports to be a product of Jackson Health System.

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

---

**FINDING 2     The PHT Board Chairperson collaborated with Swerdlow representatives to prepare and produce the Business Plan during the time that the proposed Civica project was an official item under consideration by the PHT Board of Trustees.**

The OIG interviewed Mr. John H. Copeland III, Chairperson of the PHT Board of Trustees, on April 29, 2010 regarding the Civica Business Plan. Mr. Copeland stated that:

- The ability to attract doctors to the Medical Campus is critical to the future of Jackson Health System (JHS). New doctors would result in more private patients to the hospital. A medical office building would facilitate this process.
- He would not be in favor of the Civica project if its sole purpose was to consolidate office space.
- After meeting and interacting with PHT staff about Civica, he did not have confidence in staff's ability to produce a business plan.
- In order for the PHT to have a Business Plan for Civica, he believed that he had to get more involved in order to accomplish the task. He also told Mayor Alvarez and County Manager Burgess that he would be more involved in the project.
- The Business Plan was prepared at the Swerdlow Group's office in Coconut Grove. He worked with Bret Dill from the Swerdlow Group and he reviewed documents and data obtained from the Swerdlow Group, which he used to write portions of the Business Plan.
- His work contributed to a large portion of the narrative section of the Business Plan.
- The portion of the narrative that reads as a recommendation was written as part of a conversation with the Swerdlow Group with the intent of moving the project forward and engaging the County in negotiations as it continues to examine the project.<sup>2</sup> However, the terms as presented in the Business Plan would not be acceptable today.

The OIG interviewed Mr. Swerdlow and representatives of the Swerdlow Group at its office in Coconut Grove, on April 26, 2010 and May 13, 2010, regarding the Business Plan. They stated, under oath, that:

- Mr. Copeland, Chairperson of the PHT Board of Trustees, visited the Swerdlow Group's office on a few occasions during January 2010. While

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<sup>2</sup> The last sentence of the 5-page narrative reads: "We strongly recommend that the Health Trust and Miami-Dade County Commission continue to support our efforts in making this project a reality that will benefit the community for years to come."

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

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- there, they met with him and he reviewed Civica presentation data. While there, he (Mr. Copeland) drafted report outlines and did some writing.
- All the information contained in the Business Plan's exhibits was provided by the Swerdlow Group, including the financial pro forma statements.
  - Swerdlow representatives put together the Business Plan, which included compiling the exhibits, making the tabs for them, and taking the document to Kinko's for reproduction and binding.
  - An additional 20 copies were made by Swerdlow staff in order to give each County Commissioner a copy.

The OIG interviewed Dr. Eneida Roldan, MD, President and Chief Executive Officer of the PHT, regarding the Business Plan. Dr. Roldan stated that she received a copy of the Business Plan from the PHT Facilities Manager and automatically assumed that it was produced entirely by PHT staff since she had given a directive to Mr. Casanova, the former Executive VP of Business Development, to prepare such a plan. Dr. Roldan stated to the OIG that it was only recently that she was informed by Mr. Copeland that he had assisted in preparing the Business Plan.<sup>3</sup>

The Business Plan states that it was prepared in January 2010. The OIG received a copy on January 27<sup>th</sup>. The Civica project was first officially presented to the PHT's Facilities Development Committee (FDC) at its meeting of August 11, 2009. It was presented as an unsolicited proposal, and after some discussion it was moved and approved that the PHT would proceed to enter into a Letter of Intent with Swerdlow. Soon thereafter, the first non-binding Letter of Intent was executed by the PHT President and Michael Swerdlow. A report of the FDC's meeting, including the direction on this item, was presented to the Board of Trustees at its August 24<sup>th</sup> meeting.

The minutes of the December 28, 2009 PHT Executive Committee meeting show the FDC Chairperson asking why the Civica project was not listed on the agenda for discussion. Thereafter, a short discussion ensued. The meeting minutes also note that the FDC Chair stated that the project was time sensitive and that the PHT President has already been directed by the Board of Trustees to move forward with the negotiations process. The PHT President explained that several questions had been raised by the County Attorney's Office regarding the project. The PHT Board Chair, Mr. Copeland, thereafter stated that an updated non-binding Letter of Intent would be presented at the January 12, 2010 FDC and

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<sup>3</sup> During the interview with the OIG, Dr. Roldan deduced the fact that the Business Plan was produced by the Swerdlow Group.

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

---

Executive Committee meetings for approval. The Letter of Intent would then go to the Board of Trustee's meeting of January 26<sup>th</sup> for ratification.<sup>4</sup>

Even though Mr. Copeland was frustrated with staff's inability to produce a business plan and he pledged to County officials that he get more involved in the project, we strongly believe that it is not appropriate for a person appointed to this official position to collaborate with the developer — on an unsolicited proposal no less — in writing portions of a business plan that is then distributed to other stakeholders and policymakers as a product of the PHT. This project was still required to come before the PHT Trust Board for approval, and Mr. Copeland, as the Chairperson of that Board, had already been working behind the scenes with the developer for this project's advancement.

However, even more disconcerting to the OIG is that Mr. Copeland had intimate knowledge that the financial projections in the Business Plan were not prepared by any member of the PHT staff, but by the developer who was intent on getting the County's commitment and its financial support for the project. The introductory paragraph of the Business Plan reads:

The following is a summary version of the Business Plan ***prepared by Jackson Health System (the 'Hospital') to ascertain the desirability and viability of the Swerdlow Development Company, LLC's (the 'Developer') proposed Civica Tower office complex*** (the 'Project') as the primary home to the Hospital's administration and affiliated uses. Contained within, or attached to this plan are condensed versions of schedules and analyses prepared in order to create the Business Plan. (Emphasis added by OIG.)

Mr. Copeland may have written large portions of the five-page narrative, but the Business Plan itself is a Swerdlow work product based upon the Swerdlow Group's financial projections and cost structures. The document itself was produced at the Swerdlow Group's offices and the task of putting together the document into its final form was done by Swerdlow Group representatives. When the PHT needed extra copies of what was purportedly its document, PHT staff had to get the extra copies from the Swerdlow Group.

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<sup>4</sup> A review of the meeting minutes for the January 12, 2010 FDC and Executive Committee meetings do not show the revised Letter of Intent as being presented on either agenda for discussion or approval.

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

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**RESPONSES TO THE DRAFT REPORT & OIG COMMENT**

This report, as a draft, was provided to Dr. Roldan, Mr. Copeland, Mr. Casanova, and Mr. Swerdlow and his representatives for their discretionary written responses on June 2, 2010. Responses were received from Mr. Casanova and Mr. Brett Dill of the Swerdlow Group and are attached to this report in Appendix A and B, respectively. We did not receive a response from either Dr. Roldan or Mr. Copeland.

In summary, Mr. Casanova wrote that his responsibility was to review the raw data that was being provided.<sup>5</sup> He reiterates the “non-binding” nature of the letter of intent and emphasizes that the details and controlling terms of the agreement would not be finalized until the bond issues were resolved. In his written response to the OIG, Mr. Casanova highlights the fact that he too asked probing questions about the financial viability of the proposed project only to be dismissed by his superiors. Mr. Casanova also indicates that he was pressured to move the project forward without a full understanding of the financing terms.

In his response, Mr. Casanova included a new allegation that he did not previously disclose to the OIG during two previous interviews. Accordingly, the OIG had to further investigate his allegation to determine the veracity of the statement.<sup>6</sup> The allegation could not be substantiated and, as such, has no impact on the substance of this report—which, aside from this section of the report, has not changed.

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<sup>5</sup> This statement apparently contradicts the information provided to the OIG by Mr. Casanova on December 23, 2009, wherein Mr. Casanova stated that he was tasked with preparing a business plan for Civica.

<sup>6</sup> In his June 15, 2010 response to the draft report, Mr. Casanova wrote “I recall on many of the conversations I had on my cell phone with Dr. Roldan’s husband, Dr. Carlos Valdez-Lora, he emphatically stated “... *that we needed to approve this plan because Copeland was running out of money and patience.*” (Emphasis in original.) The OIG notes that during two previous interviews regarding Civica, Mr. Casanova never mentioned Dr. Valdes-Lora. At the end of each of those interviews, Mr. Casanova was invited to provide any other information or to make any comments regarding Civica. On both occasions, Mr. Casanova declined and stated that he had nothing else to add. Nevertheless, because of Mr. Casanova’s new allegation, the OIG re-interviewed him. The OIG also took a sworn statement from Dr. Valdes-Lora who, while acknowledging several phone conversations between him and Mr. Casanova that related to Mr. Casanova’s performance and job responsibilities at JHS, emphatically denies that such a conversation about the Civica project took place. As there were only two parties to these conversations; both parties expressed different recollections as to the nature, content, and purpose of these telephone conversations; and there is no other extrinsic evidence regarding these conversations, the OIG could not substantiate the new allegation.

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

---

Interestingly enough, however, Mr. Casanova's response does not address the authorship of the Business Plan and why he distributed copies of it without knowing where it had come from.

The Swerdlow Group responds by noting that public/private collaborations, such as the Civica Tower Project, should be commended—not condemned. In this context, the response notes that it is not uncommon for the governmental agencies to rely on reports and studies prepared by the private developer. The response states that “many times the agency ‘spot checks’ the report, double-checks the findings, or conducts a limited study to confirm the efficacy of the study submitted, but most of the work in the first instance is conducted by the developer or applicant.”

The OIG finds it interesting that the Swerdlow Group's response does not acknowledge that the Business Plan purports to be a prepared by JHS. The document does not hold itself out as a collaborative work. It does not express that the public entity concurs with the private developer's financial forecasts. It does not hold itself out as a limited study that confirms the developer's assumptions.

Instead, the Business Plan states that it was “prepared” by JHS to “ascertain the desirability and viability” of the proposed Civica project. It notes that the attached condensed versions of schedules and analyses were prepared in order to create the Business Plan. There does not appear to be any spot-checking going on here.

## **CONCLUSION**

The OIG has been monitoring the Civica Tower Project since August 2009. According to Mr. Swerdlow, he has been proposing this project since 2008, first to the University of Miami and then to the PHT's former President, Mr. Marvin O'Quinn.

This last proposal, based on the terms in the second non-binding Letter of Intent, signed January 12, 2010, is already shown to have its problems. The GSA report, which analyzed the proposal as set forth in the aforementioned Letter of Intent and reviewed the subject Business Plan, set forth several legitimate concerns about the risk to the County as the obligor of the bonds, as well as being the master tenant of the space to be leased to third parties and, thus, the guarantor of the third party space.

**MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL**  
**FINAL REPORT**  
*OIG Review of the Jackson Health System*  
*Business Plan for Civica Tower, Prepared January 2010*

---

OIG staff has also reviewed and questioned certain projections in the Business Plan, namely the failure to account for principal repayment in its pro forma statement of annual debt service; the funding for debt service payments during construction; funding for debt service reserve funds; additional costs to build out vacated hospital space, etc. Additionally, the two pro forma financials for third party space, at 95% and 50% occupancy, have absolutely no basis for its occupancy projections. Where is the study that shows the ability for these spaces to be filled by new doctors wishing to establish an office in the Jackson health district? Where is the study showing that existing physicians will want to move their offices to Civica because it is more economical, more conveniently located, or because it would be a new facility? Where is the study that addresses the loss of revenue to the PHT by tenants vacating its facilities in favor of Civica? Where is the study to show the cost of renovating space left vacant by functions/departments moving to Civica? Where is the study of the PHT's true square footage needs?

Much more work needs to be done if the PHT is still intent on taking up office space in the yet to be built Civica Tower. This work must be accomplished by or on behalf of the PHT — and not spoon-fed by the developer proposing the project. PHT Board Members, not unlike County Commissioners, need to ask the hard questions to thoroughly vet such a proposal before voting on it. They should not, the OIG strongly believes, be in the position of writing the Business Plan and certainly not writing it in collaboration with the developer who is promoting the project.

**MIAMI-DADE COUNTY  
OFFICE OF THE INSPECTOR GENERAL**



**OIG APPENDIX A**

**Michael Casanova Response**

**IG09-89**

TO: Christopher Mazzella, Inspector General

RE: OIG Draft Report Commentary

FROM: Michael J. Casanova 

DATE: June 15, 2010

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As per your letter dated June 1, 2010 the following is my response to the OIG Draft Report provided on that date:

For the record, I was denied legal representation by my employer. At first MDC legal department offered to accompany me to all meetings. The day of the deposition, this offer was retracted. I believe I stated this also during deposition, and advised that legal representation was not recommended by MDC legal counsel.

I was never given the opportunity to review my deposition. Therefore if I wished to expound upon anything I said or explain anything confusing, I was not given this opportunity.

I respond to the specific findings as follows:

Page 2 of 9 first paragraph first bullet: As I stated in my deposition my instructions were to review the raw data provided only because further details of the proposal would not be available until such time that the bond issues were resolved. Therefore, my only concern was the accuracy of the data provided, ( i.e. cost/sf, utilization etc).

Page 2 of 9 first paragraph 2nd bullet: At no time was I aware that a decision would be made to finalize the deal without finalization of the business terms. Any suggestion to the contrary is incorrect. Moreover, I sought counsel regarding this matter and concluded that the then touted terms had multiple problems. Moreover, I informed Dr. Roldan and Peter Lieu (of the OIG) of my concerns. I was advised by Mr. Lieu to submit the business plan to the GSA as it the agency best equipped within MDC to address my questions. Dr. Roldan just ignored my questions and dismissed herself, as per usual, when asked for assistance or direction.

Page 2 of 9 first paragraph: OIG review and summary of findings 2<sup>nd</sup> paragraph: Again, I was under the impression this raw data came from the real estate manager not the developer.

At no time would I have given my consent to proceed to a final binding contractual agreement without all the facts and after very thorough and careful consideration from various sources. There were just too many unanswered questions and concerns over previous allegations with the developer, (e.g. when I asked about the interest rate I was

told "...it would be determined in the future by financial instruments performance similar to how mortgage rates based on T-bills are determined, but not exactly.) When I voiced my concerns over variable rates I was told not to worry because "...we would always beat the market rate." When I asked how this was possible and to provide it in writing I was told it "...would be forthcoming". When I raised the issue of who would be responsible for the unrented space I was told by the developer "...they would be solely responsible for the unrented space in perpetuity and that we would only be responsible for the administrative space." When I asked who would be responsible for filling the physician space and retail space I was informed that "...I (JMH) would be charged with that task." When I stated that given the economic downturn and the fact that we are still working on a template for the Garcia Multi Specialty Group Contract I didn't feel comfortable or bullish about the private sector physicians coming JMH without their role being clearly resolved, vis-à-vis Dr. Coy and UM's existing relationships, I was told "...not to worry that these issues will be solved." When I suggested that "perhaps it would be prudent to clearly and definitively resolve these issues before considering Civica", I was summarily dismissed from the meeting with Dr. Roldan and Mr. Copeland and I was never again invited to another senior level management meeting. Clearly, my suggestions that the proposed transaction was proceeding too quickly and required critical analysis was met with deaf ears and likely resulted in my abrupt termination.

Page 3 of 9 finding 1, first paragraph, last bullet: This incorrectly implies I just surrendered my responsibility or just didn't care. In reality, since it was a non-binding letter of intent, and since I had no knowledge Civica was ready to be approved by the PHT, I logically assumed it was safe to proceed with a non-binding letter of intent in order to start the developers time table in securing the bonds and thereby allow us to receive the required definitive terms of the deal. My statements in this regard as memorialized in the draft report, were taken out of context.

Page 3 of 9 Finding 1: I was told by Mr. Copeland and Dr. Roldan that we were only responsible for the raw data the real estate manager had produced and our analysis of that data. Additionally, this was a non-binding letter of intent that would insure the county would remain eligible for the federal funds that made this project financially favorable for MDC. Therefore, we needed to approve the non-binding letter of intent. At no time were the final terms of the deal ever presented to me. I recall on many of the conversations I had on my cell phone with Dr. Roldan's husband, Dr. Carlos Valdez-Lora, he emphatically stated "... that ~~we~~ needed to approve this plan because Copeland was running out of money and patience." Should you like to explore the issue of why Dr. Roldan's husband was an integral part of these issues, notwithstanding his seemingly non-involvement in MDC and JHS business, please advise me and I will be happy to provide an additional deposition or statement in that regard.

Page 4 of 9, 6th paragraph: This is not uncommon as business plans from consultants were reviewed with dates ranging as far back as 2002. Moreover, I was told we would only be held responsible for the data analysis, (i.e. cost/sf, utilization etc.). Again, we were never given the bond financing details at any time, and was told I/we would not

receive them for a full evaluation until such time that a non-binding LOI was signed without any risks or obligations by both Mr. Copeland and Dr. Roldan.

Page 5 of 9 first paragraph: third bullet: Could this have been because we had not been given full information, pressured to approve the proposal without fully understanding the terms and placed under an unrealistic time table to produce documentation on a proposal we didn't like?

Page 5 of 9 first paragraph: first bullet: ... Yet the Garcia contract representing the largest Multi Specialty Group in Miami Dade is still as of today to the best of my knowledge, still pending execution. A contract that promises profits for the trust while the Coy agreements at best were breakeven depending in the methodology used for determination, and UM was approximately 22% higher cost than the private sector.

Page 6 of 9, 2<sup>nd</sup> paragraph: This states the plan was originally presented on Aug 19, 2009 (before my tenure) and I was never privy to this information.

Page 6 of 9, first paragraph: This is not true. I was instructed to meet with Mr. Copeland in his office with the real estate manager and director of corporate services. I was informed that Mr. Copeland was very angry and upset because it was clear from our initial analysis (i.e., move downtown offices back to campus and consolidate offices from a higher cost center to a lower cost center) proved we didn't understand the proposal. At that meeting we learned of greater details, (i.e. it had a revenue upside, guarantees that JMH wouldn't be responsible for any unrented space outside space dedicated to administration), and that we needed to move quickly because the bond's financial terms were still in flux and tied to fluctuations of the market, (e.g. similar to rates based on t-bills rates, etc.)

Page 7 of 9 first paragraph: This was not my understanding and the first I heard of this was in the draft report.

Page 7 of 9 2<sup>nd</sup> paragraph: This incorrectly implies that Mr. Copeland was frustrated with me and my team when in fact he was frustrated with the previous administration.

Page 7 of 9 3<sup>rd</sup> paragraph: I was told by the real estate manager (my employee) that she had prepared the basic data/information, (e.g. cost/sf utilization etc.). What was stated in this paragraph of the draft report was the first I heard of this.

**MIAMI-DADE COUNTY  
OFFICE OF THE INSPECTOR GENERAL**



**OIG APPENDIX B**

**Swerdlow Group Response**

**IG09-89**



**Via Hand Delivery**

June 11, 2010

Christopher Mazzella  
Inspector General  
Office of the Inspector General  
19 West Flagler Street  
Suite 220  
Miami, Florida 33130

**Re: OIG Draft Report, 1G00-89**

Dear Inspector Mazzella:

Thank you for furnishing us with a copy of the above-referenced draft report. Please consider this correspondence our response to that draft as authorized by Section, 2-1076(f), Code of Miami-Dade County (the "Code"). The Code authorizes us to provide a "written explanation or rebuttal of the findings" contained within the draft. Relevant to us, the draft finds only as follows:

**FINDING 2** THE PHT BOARD CHAIRPERSON COLLABORATED WITH SWERDLOW REPRESENTATIVES TO PREPARE AND PRODUCE THE BUSINESS PLAN DURING THE TIME THAT THE PROPOSED CIVICA PROJECT WAS AN OFFICIAL ITEM UNDER CONSIDERATION BY THE PHT BOARD OF TRUSTEES.

We wish to note that such public/private collaboration represents a very cost effective way for the public sector to leverage the development expertise of the private sector and such collaboration should be commended — not condemned. It is frequently the case within the context of the development process that agencies of government rely upon a host of reports and studies generated by the developer or the applicant. To pick one example, planning departments in and around Miami-Dade County routinely rely upon the economic impact studies, traffic studies, surveys, and other reports and analyses prepared by the professional developer and his or her team. There is nothing new or novel about such collaboration. True, many times the agency itself "spot checks" the report, double-checks the findings, or conducts a limited study to confirm the efficacy of the study submitted, but most of the work in the first instance is conducted by the developer or applicant. We make this statement based upon a 25-year track record of developing more than 20 million square feet.

Mr. Christopher Mazzella  
June 10, 2010

We do not dispute many of the material facts set forth within the draft. We do, however, disagree with some of the editorial characterizations set forth therein. Because the Code limits this response to an “explanation” or “rebuttal” of the findings and, importantly, because no finding exists to suggest that we violated any law, rule, ordinance, or ethical obligation, it would be inappropriate for us to share here that disagreement. More in the nature of a minor correction, we wish to clarify that we did include in our financial projections the principal portion of the debt service.

Sincerely,

A handwritten signature in cursive script that reads "Brett M. Dill". The signature is written in black ink and is positioned above the printed name and title.

Brett M. Dill  
President