Our Mayor, the Lobbyist, Part 2

Either Ilene Lieberman's timing is miraculous or...

BY BOB NORMAN

Like most bad government deals, it wasn’t on the agenda. Broward County Commissioner Ilene Lieberman brought it up without giving staff or her colleagues the dais time to study it. Her motion may have seemed misguided at the time, but it now seems to be something much worse.

On August 26, 2003, the commission was expected to approve this year’s health care plan for the county. Before the vote, Lieberman, who is now mayor, proposed that the county fund a $10,000 study to evaluate the health blueprint, which had been carefully hammered out in prior weeks. She specified that the money would go to a firm owned by Jim McKinley, who had done similar reports in the past. In attendance at the meeting was McKinley’s firm’s vice president, Carlton Moore, who moonlights as a Fort Lauderdale commissioner. He lobbied county commissioners to support Lieberman’s motion.

The problem, as county Finance Director Phil Allen pointed out, was that it was too late in the process and that McKinley’s reports hadn’t saved taxpayers money in the past. “We’re going to spend $10,000 to spin our wheels,” Commissioner John Rodstrom complained. “To spend $10,000 to ask McKinley and his staff to do a review is a nice gift, but this isn’t Christmas,” Commissioner Ben Graber announced.

Unbeknownst to Graber, McKinley played Santa Claus for Lieberman just ten days later. McKinley, who is a Broward County Housing Authority commissioner, chose the Miami-based Pinnacle Housing Group to develop a $22 million, low-income apartment project in Hollywood. Working as a Pinnacle lobbyist was Lieberman, who received an undisclosed amount of money for representing the company.

The new revelation about Lieberman’s dealings with the insurance broker raises serious questions about whether she violated a Florida law that makes it a felony for public officials to profit from their governmental actions. The mayor quit her job with Pinnacle last month as New Times investigated her lobbying activities (see “Our Mayor, the Lobbyist,” September 16). Lieberman — who uses her married name, Michelson, while lobbying — spent two years with the company, which won contracts countywide worth more than $120 million during that time. Lieberman also abstained from voting 15 times in a 14-month period on Pinnacle-related matters as the commission approved millions of dollars in tax-exempt bonds and grants for the developer.

Lieberman insisted she hadn’t violated the ethics law. “I have never done anything that was inappropriate,” she said. “I have not made any decisions that would have, in any way, given me advantage for any business.”

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After Commissioner Lori Parrish remarked on the dais that McKinley had apparently chosen Lieberman as his representative on the board, Lieberman denied it. “Jim McKinley did not call me,” she announced. “I met with staff, and when I was getting some answers from staff that caused me additional concern, I picked up the phone and called McKinley because [he is] our benefits consultant. And I was told that Mr. McKinley had been ill... and they would have Carlton Moore call me back. Carlton returned my call.”

Commissioners shot down the motion 8-1, leaving McKinley without the $10,000 “gift.” Lieberman was the only one to vote for the plan.

Ten days after the failed amendment, a six-member Housing Authority selection committee met to choose the developer for the Crystal Lakes project. McKinley, who was appointed by Gov. Jeb Bush to the authority board in 2000, was one of two Housing Authority board members who agreed to sit on the committee. Lieberman attended the September 5 meeting on behalf of Pinnacle.

As the developers presented their plans to the committee, the housing authority’s executive director, Kevin Cregan, took notes. In describing Pinnacle, he jotted down Lieberman’s name, along with other powerful members of the company’s team, including engineer Bill Keith and lobbyist Bernie Friedman. Over the names, he wrote that Pinnacle had “met with all the right local people,” according to the Crystal Lakes file at the Housing Authority office in Lauderdale-

Even with such a formidable host of hired guns, Pinnacle was in a tight race with Cornerstone. In a scoring system based on criteria like project quality and financial stability, McKinley’s fellow committee members all scored the companies within two points of one another. Two favored Cornerstone, two Pinnacle, and one had them tied.

When the scoresheets were added up, Pinnacle was ahead by just one point. McKinley’s score was crucial — and it wasn’t even close. He gave Pinnacle a perfect score of 100 and slammedCornerstone with an 85, a full eight points below its next lowest mark. McKinley insists that Lieberman’s involvement with Pinnacle had no influence on him. He said that while they see each other about town — both are active in economic development groups like Vision Broward and the Broward Alliance — they don’t discuss his public contracts. “I don’t believe she even spoke at the meeting,” he says. “I haven’t talked to her in three years about county business. I mean, I see Mayor Lieberman — like everybody here in town, I see her at things. But we don’t discuss county business.”

The insurance broker also insists that Moore never spoke to him about Lieberman and Pinnacle. “We agreed that we wouldn’t discuss our public service,” McKinley says of Moore. “I don’t discuss Housing Authority matters with him, and he doesn’t discuss City of Fort Lauderdale matters with me.”

On September 19, 2003, McKinley made a motion during a Housing Authority board meeting to approve the firm as the Crystal Lakes developer. The five-member board did so unanimously, without substantial discussion.

Less than a month later came a meeting of the Broward County health insurance committee, on which Lieberman sat. In attendance at the October 14 meeting were both McKinley and Moore. There, Lieberman urged committee members to renew McKinley Financial’s contract as a health care consultant. “What Ilene tried to do was to extend McKinley’s contract because she felt they were being discriminated against” because he is black, Graber says. “McKinley made the same charge, that they were being discriminated against by staff.”

Lieberman’s attempt to give McKinley more business failed. The committee shot it down. Graber, who voted against the proposal, says he had no idea of the ties between McKinley and Lieberman regarding Crystal Lakes. When told about the relationship, he said only, “That’s interesting.”

Two months after the committee rejected her proposal, Lieberman cast a December 9 vote to give McKinley a $109,000 contract to handle the county’s property and casualty insurance. Eight days after that, McKinley agreed with the rest of the Housing Authority board to approve a memorandum of understanding with Pinnacle regarding Crystal Lakes.

The mayor’s conflicts of interest regarding the development didn’t end there. Earlier this year, the Broward County Commission approved more than $550,000 in housing grants for the Crystal Lakes project. Lieberman recused herself from voting on the matter. The City of Hollywood has also promised $500,000 in public funds to the development, which Pinnacle estimates will cost $22 million. The company has applied for federal tax credits to pay for Crystal Lakes, which could add some $13 million in public subsidy to the venture.

How much money Lieberman made on the deal isn’t known — she won’t discuss her Pinnacle compensation, which supplements her $84,000 annual pay as a commissioner. But a credible source close to one deal says she was given a $100,000 “success fee” after helping the company win an affordable housing project in Pompano Beach where the Holiday Lakes apartment complex used to stand. In her e-mail, Lieberman denied this was true but did not elaborate.

Lieberman and McKinley, in the case of Crystal Lakes, either traded public favors to enrich themselves, which would implicate each in a crime, or they simultaneously scratched each other’s backs by sheer coincidence and failed to catch themselves in blatant conflicts of interests.

Regardless, direct proof of a quid pro quo — or “this for that” — isn’t necessary for prosecution under the state’s unlawful compensation statute, according to a recent Florida Supreme Court ruling. Strong circumstantial evidence, which indicates a “meeting of the minds” along with a finding of “corrupt intent” is all that is required, the court decided this past April. Furthermore, it makes no difference in the eyes of the law that Lieberman was unsuccessful in her attempt to bring McKinley the $10,000 fee and the consulting contract. “Prosecution... shall not require that the exercise of influence was accomplished,” according to the statute.

To date, neither state nor local authorities have reported any investigation into Lieberman’s conduct.

Told of the crosscrisscrossing connection between Lieberman and McKinley, Housing Authority director Cregan, who has worked hard to formulate the Crystal Lakes development deal, said he had “no clue” of it. “I don’t know what’s going on outside the agency,” he said.

Asked what he thought of it, Cregan had two words: “No comment.”

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